

# COMMONWEALTH OF PENNSYLVANIA

## LEGISLATIVE JOURNAL

TUESDAY, JANUARY 29, 2008

SESSION OF 2008

192D OF THE GENERAL ASSEMBLY

No. 7

### HOUSE OF REPRESENTATIVES

The House convened at 10 a.m., e.s.t.

**THE SPEAKER (DENNIS M. O'BRIEN)  
PRESIDING**

#### PRAYER

HON. MATTHEW E. BAKER, member of the House of Representatives, offered the following prayer:

Thank you, Mr. Speaker.

Let us pray:

Father, we thank You for this day. We remember in Your Scripture it says that this is a gift and that we should rejoice and be glad in it.

Help us to show civility to one another, kindness and charity. Lord, help us to be concerned about being the best Representatives that we can be to our constituents, to our staff, to our families especially, and we pray for those that may be sick among our midst. Our members' families, we lift them up to You, Lord. We pray for healing, and we just ask for wisdom and guidance and direction that all that we may say and do this day will give You honor and glory. In Christ's name, we pray. Amen.

#### PLEDGE OF ALLEGIANCE

(The Pledge of Allegiance was recited by members and visitors.)

#### JOURNAL APPROVAL POSTPONED

The SPEAKER. Without objection, approval of the Journal of Monday, January 28, 2008, will be postponed until printed. The Chair hears no objection.

#### LEAVES OF ABSENCE

The SPEAKER. The Chair recognizes the majority whip. Turning to leaves of absence, the majority whip requests that Representative BISHOP from Philadelphia be placed on leave for today. The Chair sees no objection. The leave will be granted.

The Chair turns to the minority whip for requests for leaves of absence. The minority whip requests that Representative TRUE from Lancaster County, Representative

John EVANS from Erie, and Representative ADOLPH from Delaware County be placed on leave for the day. The Chair hears no objection. These leaves will be granted.

Members will report to the floor.

#### MASTER ROLL CALL

The SPEAKER. The Chair is about to take up the master roll. Members will proceed to vote.

The following roll call was recorded:

#### PRESENT—196

Argall	Geist	Marshall	Roebuck
Baker	George	Marsico	Rohrer
Barrar	Gerber	McCall	Ross
Bastian	Gergely	McGeehan	Rubley
Bear	Gibbons	McI. Smith	Sabatina
Belfanti	Gillespie	McIlhattan	Sainato
Benninghoff	Gingrich	Melio	Samuelson
Bennington	Godshall	Mensch	Santoni
Beyer	Goodman	Metcalfe	Saylor
Biancucci	Grell	Micozzie	Scavello
Boback	Grucela	Millard	Schroder
Boyd	Haluska	Miller	Seip
Brennan	Hanna	Milne	Shapiro
Brooks	Harhai	Moul	Shimkus
Buxton	Harhart	Moyer	Smith, K.
Caltagirone	Harkins	Mundy	Smith, M.
Cappelli	Harper	Murt	Smith, S.
Carroll	Harris	Mustio	Solobay
Casorio	Helm	Myers	Sonney
Causar	Hennessey	Nailor	Staback
Civera	Hershey	Nickol	Stairs
Clymer	Hess	O'Brien, M.	Steil
Cohen	Hickernell	O'Neill	Stern
Conklin	Hornaman	Oliver	Stevenson
Costa	Hutchinson	Pallone	Sturla
Cox	James	Parker	Surra
Creighton	Josephs	Pashinski	Swanger
Cruz	Kauffman	Payne	Taylor, J.
Curry	Keller, M.	Payton	Taylor, R.
Cutler	Keller, W.	Peifer	Thomas
Daley	Kenney	Perry	Turzai
Dally	Kessler	Perzel	Vereb
DeLuca	Killion	Petrarca	Vitali
Denlinger	King	Petri	Vulakovich
DePasquale	Kirkland	Petrone	Wagner
Dermody	Kortz	Phillips	Walko
DeWeese	Kotik	Pickett	Wansacz
DiGirolamo	Kula	Preston	Waters
Donatucci	Leach	Pyle	Watson
Eachus	Lentz	Quigley	Wheatley
Ellis	Levdansky	Quinn	White
Evans, D.	Longietti	Ramaley	Williams
Everett	Mackereth	Rapp	Wojnaroski

Fabrizio	Maher	Raymond	Yewcic
Fairchild	Mahoney	Readshaw	Youngblood
Fleck	Major	Reed	Yudichak
Frankel	Manderino	Reichley	
Freeman	Mann	Roae	O'Brien, D.,
Gabig	Mantz	Rock	Speaker
Galloway	Markosek		

ADDITIONS—0

NOT VOTING—0

EXCUSED—7

Adolph	Blackwell	Siptroth	True
Bishop	Evans, J.	Tangretti	

LEAVES ADDED—10

Bastian	Reichley	Schroder	Smith, S.
Belfanti	Samuelson	Shapiro	Vitali
Hennessey	Saylor		

LEAVES CANCELED—8

Bastian	Hennessey	Samuelson	Smith, S.
Belfanti	Reichley	Shapiro	True

The SPEAKER. A quorum being present, the House will proceed to conduct business.

**LEAVE OF ABSENCE**

The SPEAKER. The Chair returns to request for leaves of absence and recognizes the majority whip, who requests that Representative SAMUELSON be placed on leave. The Chair sees no objection. The leave will be granted.

Mr. DeWEESE. Mr. Speaker?

The SPEAKER. Representative DeWeese.

Mr. DeWEESE. I am just anxious to know when we are going to get this chamber moving this morning.

The SPEAKER. As soon as the leaders are on the floor.

Mr. DeWEESE. Thank you, Mr. Speaker.

**BILLS REPORTED FROM COMMITTEE, CONSIDERED FIRST TIME, AND TABLED**

**HB 792, PN 911**

By Rep. GEORGE

An Act authorizing municipalities and the Department of Environmental Protection to conduct sewage sludge testing on certain lands; and providing for reports to the General Assembly.

ENVIRONMENTAL RESOURCES AND ENERGY.

**HB 1970, PN 3148 (Amended)**

By Rep. GEORGE

An Act amending the act of June 28, 1995 (P.L.89, No.18), known as the Conservation and Natural Resources Act, requiring the Department of Conservation and Natural Resources to make payments in lieu of taxes for State parks.

ENVIRONMENTAL RESOURCES AND ENERGY.

**SB 913, PN 1706 (Amended)**

By Rep. GEORGE

An Act providing for environmental funds reporting and disclosure.

ENVIRONMENTAL RESOURCES AND ENERGY.

**CALENDAR**

**BILL ON SECOND CONSIDERATION**

The House proceeded to second consideration of **HB 1600, PN 2811**, entitled:

An Act providing for supplemental State-funded tax relief; and establishing the Personal Income Tax Surcharge Fund.

On the question recurring,  
Will the House agree to the bill on second consideration?

The SPEAKER. We will resume debate on amendment A05384.

On the question recurring,  
Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Readshaw on the amendment.

Members will please take their seats. Caucuses in the rear, side, center aisles, and well of the House will break up.

Representative Readshaw is in order and may proceed.

Mr. READSHAW. Thank you, Mr. Speaker.

I would like to interrogate the prime sponsor of the amendment, please.

The SPEAKER. Representative Rohrer indicates that he will stand for interrogation. Representative Readshaw is in order and may proceed.

Mr. READSHAW. Thank you, Mr. Speaker.

Mr. Speaker, as we have gone through the process of considering this amendment last night and again this morning, I was going through the exemptions that you have placed in here, and I have seen nothing that addresses the fact that we will be taxing funeral professional services and/or merchandise. Is that a correct assumption?

Mr. ROHRER. Mr. Speaker, I could not hear what you were saying there.

The SPEAKER. If the gentleman will suspend.

The Chair will ask all members to please take their seats. The noise level is entirely too loud. Conversations will either suspend or adjourn to the anteroom.

Representative Readshaw is in order and may proceed.

Mr. READSHAW. Thank you, Mr. Speaker.

Mr. Speaker, as I was going through your amendment, through the exemption section, I could not find any definitive answer to my question, which is this: Will funeral services, funeral merchandise be taxed under your plan?

Mr. ROHRER. Mr. Speaker, under the broadening of the base, such a service as a funeral service, in fact, would be subject; yes. A one-time expense, clearly.

Mr. READSHAW. Okay. Thank you, Mr. Speaker.

That ends my interrogation. Mr. Speaker, may I speak on the amendment, please.

The SPEAKER. The gentleman is in order and may proceed.

Mr. READSHAW. Mr. Speaker, through the debate and through studying this amendment, I have reached, and the response by the prime sponsor is that funeral services, funeral merchandise will be taxed under his plan.

I would just like to make a few comments. What I have gained from the debate and from looking at the content of the amendment, we find some interesting things taking place here. And I know many members are still, not confused, but still need to be answered the question as to what is and is not taxable. Under this scenario, as we go through trying to eliminate property taxes, what we are faced with here – and I allude to much of the debate that we experienced yesterday – is the fact that someone can feel ill, go to the doctor's office, that is not taxed. The doctor can write them a prescription to get an MRI (magnetic resonance imaging), blood work, and an x ray, and they have that done in a nonhospital setting, and from what was said last evening, that will now be taxable. The doctor gets the results of the tests, calls the patient back, that is not taxable; explains to the patient that they have 3 months to live. The patient goes home, becomes ill, enters into a hospice setting, that is taxable. The patient dies, the funeral is taxable; buys merchandise such as a casket, a vault, so on and so forth, that is taxable; you probate the will, require an attorney's assistance, that is taxable.

And I just think that what we have established here after so many of us have been fighting and attempting to eliminate the inheritance tax in Pennsylvania, what we have developed here is a new death tax. Now, I do not know about anyone else, but I feel really reluctant in going home, as we will be, and in trying to explain to our constituents, in our efforts to eliminate property tax or get to the position of a significant reduction, that we are going to have to tax their funerals, we are going to have to tax their funeral merchandise, and if you bury someone in the family that possibly the cemetery does not serve and give perpetual care to, you are going to hire a lawn service to go cut the grass on the graves, and that is taxable, too. So what we are talking about here in all those scenarios is tax, tax, tax at probably the worst time and the worst experience that anyone can ever endure in their lifetime, and that is facing death, grief, and the loss of a member of the family.

Mr. Speaker, as I said, we have been fighting, many of us or most of us have been fighting to eliminate the inheritance tax in the Commonwealth of Pennsylvania, and I just cannot understand while we are fighting to eliminate the inheritance tax, why we are now bestowing a tax on funerals, funeral merchandise, attorney's fees and probating a will and all those things that have to do with facing the loss of a loved one.

Mr. Speaker, everyone on this floor, I know, will search their hearts as to how they are going to vote eventually on this amendment, but under the guise of the proper thing to do, I must vote "no," and I ask everyone else to think about the comments that I have said and vote "no" also.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentleman.

### GUESTS INTRODUCED

The SPEAKER. The Chair would like to welcome, as the guests of Representative Mackereth, guest pages Ann Deibert and Miranda Combs. They both attend West York Area

High School. Please stand and be recognized. Welcome to the House floor.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes Representative Cox on the amendment.

Mr. COX. Thank you, Mr. Speaker.

I would like to interrogate the maker of the amendment, if I could.

The SPEAKER. The gentleman, Representative Rohrer, indicates he will stand for interrogation. Representative Cox is in order and may proceed.

Mr. COX. Mr. Speaker, it is my understanding that you followed this property tax debate quite closely for the last several years, and so in all of that time have you seen or heard of any other approaches to eliminate the school property tax?

Mr. ROHRER. Mr. Speaker, there have been some attempts in other States to do that, some with some measure of success, not all like what we are talking about here under this amendment. But beyond that in this Commonwealth, in this State, there is no other plan, there is no other option that is before this House or the Senate to eliminate the school property tax and to reform the way we fund public education. So the answer to that would be no. If you are talking about elimination, you are talking about what is before this House at the moment.

Mr. COX. The reason I asked that is because last night as we were continuing through this debate, there were a number of speakers who stood and referenced property tax elimination and they talked about doing it in 2010. I have been trying to follow this debate myself, and I have not yet seen any other legislation that would eliminate it in any number of years, let alone in 2010. And so I wanted to draw on your expertise and see if you had heard of something that I had not.

Mr. ROHRER. Mr. Speaker, no, there is nothing else that would eliminate, and that, I think, is extremely important for every member of this House as we are debating this issue this morning. An attempt to maybe in the future, sometime make a change, sometime, somewhere, possibly, so that we could get to the point of maybe eliminate, that is what we are talking about in any and every option. That is not anything with certainty. There is no mechanism in any other option that is there to make it happen, and therefore, it is just rhetoric. The people of this Commonwealth are demanding no more rhetoric. They are demanding action, and this is what this amendment, before this House today, will deliver.

Mr. COX. Thank you, Mr. Speaker.

Now, over the hours of debate and discussion that we have had on this particular amendment since yesterday, we have heard a lot about what this amendment would do if it were passed. And I, for one, support what this amendment would do.

Driving home last night I got to thinking what if we do not, what if we do not provide property tax relief in a substantive way? What will it be like? What will this bill be like? What will property tax relief be like, and what will property owners and taxpayers experience if we do not pass amendment 5384?

Mr. ROHRER. Well, Mr. Speaker, I believe that you phrased a very important question. When we started this discussion yesterday afternoon in this House, we laid out the basis by saying that there really are before this House two options: One, a comprehensive reform of the way we fund public education in

dealing with the problems that exist there now with equity with financially distressed school districts and a host of other issues and provide for us the mechanism and the ability to eliminate the school property tax as the funder, primary funder for public education, or we have several options to raise taxes to give back a pittance to people but address none of the issues without any elimination.

In reality, Mr. Speaker, this House and this General Assembly have before it a couple of very fundamental questions. Number one is this: We can choose to do nothing but talk, but conjecture, but to do smoke and mirrors to try to make somebody feel good, but at the end of the day do nothing. So that is one option that we have, Mr. Speaker. We can really choose to do nothing and just walk away and say that the problem is too big or we cannot do it. The other is we do a tweaking, a Band-Aid approach, just like we have seen in past attempts, again avoiding dealing with the problems and the causes of our problems, giving the appearance of some help but leaving the patient dying. Or, Mr. Speaker, we can, with confidence, say we can fix this problem, and we can eliminate the school property tax – not some far-fetched idea, but one with certainty.

Now, Mr. Speaker, as I consider the consequences of doing nothing, it should scare every person in this House, and the reason for that is this, Mr. Speaker: From an overall perspective, public education and the funding of public education and the finances behind public education are crumbling. No one here, no one here today can deny the fact that we have serious financial problems. With 20 percent estimated of our 501 school districts going into financial – having to declare financial distress in the next couple of years because they have no tax base whatsoever, we are going to have more situations like court getting involved in the Duquesne School District out west and many more. We cannot allow that, Mr. Speaker. We cannot allow the system to financially collapse. We have only pieces to pick up. That is just not right.

But on the other hand, Mr. Speaker, to do nothing, to put a face on this, we increase and allow the increase of the property tax burden to continue to mount on the back of every homeowner in this Commonwealth.

Mr. Speaker, I have talked with many financial planners who are dealing with senior citizens and others. They have told me and given me data after data after data, and I think most of us sitting here have talked to people in our districts as well, that there are many thousands of our homeowners that are on the verge, the seniors and others, of being forced to sell their home. They have dipped into their savings. Mr. Speaker, do you know— And I do not know how folks can sit here and ignore the fact that our seniors and others are having to cash in their IRAs (individual retirement accounts) and other retirement documents upon which they have to pay a tax on that redemption to pay the property tax, Mr. Speaker. We increase that burden on our homeowners.

The SPEAKER. The gentleman will suspend.

### PARLIAMENTARY INQUIRY

The SPEAKER. For what purpose does the gentleman, Representative Payne, rise?

Mr. PAYNE. Thank you, Mr. Speaker.

A point of parliamentary inquiry.

The SPEAKER. The gentleman will state his point of parliamentary inquiry.

Mr. PAYNE. The gentleman indicated that he does not know how we could sit here and ignore facts and that we are not very informed. I resent that implication, that all the members on this floor are ignoring or do not know what is going on in their own district.

I would like to know the Parliamentarian's stance on that issue.

The SPEAKER. The Chair will ask the Parliamentarian to review the record and make appropriate adjustments.

The Chair thanks the gentleman for his comments.

Mr. PAYNE. Thank you, Mr. Speaker.

Mr. ROHRER. Thank you, Mr. Speaker.

### PARLIAMENTARY INQUIRY

Mr. DeWEESE. Mr. Speaker, I have another parliamentary inquiry, please.

The SPEAKER. Representative DeWeese.

Mr. DeWEESE. Just to review, for the process, the House chamber's protocol relative to asking questions when the answers are already blazingly obvious. The interrogator was the executive director of the Commonwealth Caucus, has been over this information again and again and again and again and again and again and again and again. I am just curious about the propriety of asking questions when we already know the answers. The traditions of the House do have some reflections on that protocol, and I would be anxious to have the Speaker's commentary on that, please.

The SPEAKER. The purpose of interrogation is, substantially, to ask a question that the member does not know the answer to. There is latitude that is afforded to members to ask the prime sponsor to stand for interrogation. Sometimes that will afford that individual a second bite of the apple.

The Chair will remind the members to try to restrict their interrogations to questions that they do not know the answer to.

Mr. COX. Mr. Speaker, if I may respond to that briefly before I allow Representative Rohrer to continue answering the question.

The SPEAKER. That is not debatable, Representative.

Mr. COX. I am not debating it. I am just making a comment clarifying my question, if I could.

The SPEAKER. The gentleman is in order and may proceed.

Mr. COX. Rephrasing the question, so to speak.

Mr. Speaker, can you tell me what you would expect to happen in your district? Can you continue to tell me what we might see in your district? I am not familiar with your district as much as I am with mine, and so I would love to know – maybe you can continue to tell me a few other impacts you see happening if we do not pass this legislation.

Mr. ROHRER. What I am saying is that it is very easy for every one of us here to not be as aware of the needs of some of our people. The question that you asked me, Mr. Speaker, about what kind of implications would occur if we do not move forward with elimination as laid out here with certainty, and I just happened to look down, and I have a letter from a financial consultant who specializes in retirees. He gave me a list of 19 different things that he has written down here that

would be – as he works with retired people and those soon moving into retirement – that I think are interesting, I think are dramatic, such as tax sales will continue to escalate on the retired, the low income, and the middle class; that bankruptcies are increasing and will increase due to the tax increases; that the escalating school property taxes are forcing the working and the retired to sell their homes, which works negatively against the real estate market in Pennsylvania, which is already, as we know, under real pressure because of the market, because of the subprime and others.

He mentioned one thing that he has seen here working with small businessmen, that the cost of their property taxes are actually preventing them, as small employers, from having the additional couple hundred dollars a month that they might need to purchase their health insurance. I think that is an interesting point, Mr. Speaker, and the fact that escalating school property taxes as we know in Pennsylvania are driving our young people from this State, and they are providing a barrier for people to come to Pennsylvania.

Mr. Speaker, these are just a few things that came from someone who is dealing with people on their financial planning. The impact of us not dealing with this issue will condemn thousands of people in this State to the loss of their home.

The SPEAKER. The gentleman will suspend.

The House will be at ease.

The House will come to order.

### LEAVE OF ABSENCE CANCELED

The SPEAKER. The Chair recognizes the presence of Representative Samuelson on the floor. His name will be added to the master roll.

### LEAVE OF ABSENCE

The SPEAKER. The Chair recognizes the minority whip, who requests that Representative SAYLOR be placed on leave. The Chair sees no objection. The leave will be granted.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. Representative Rohrer.

Mr. ROHRER. Thank you, Mr. Speaker.

So, Mr. Speaker, to just conclude your question, there are a wide number of things that I think that we – in our own districts, every one of us, have people who we know who will be forced to move and move out of State or have to sell their homes or enter into foreclosures because they cannot pay the increasing property tax. Mr. Speaker, those are just a few of the implications of not passing this important measure today.

Mr. COX. Thank you, Mr. Speaker.

At this time I would like to comment on the amendment.

The SPEAKER. Representative Cox is in order and may proceed with his comments.

Mr. COX. Mr. Speaker, this is one of the biggest issues in many of our districts. I am a bit of a pack rat, and so I have some materials from a few years ago, and with the help of my staff, I was able to pull them out. And in Berks County, in the school districts which I represent, during a 5-year period, the lowest percentage increase for school property taxes was

15 percent. The increase during those 5 years was 15 percent. Now, overall, that is probably not that bad when you consider other school districts, also within my legislative district, who saw increases during that same 5 years of 43 percent, 33 percent, 36 percent, and a whopping 59 percent. This is the kind of out-of-control spending the taxpayers are sick of. They are tired of no restraints on school spending. HB 1600, without this amendment, contains absolutely no restrictions, no restraints on school spending. Is that really what we want to give our taxpayers?

Now, recently we have been provided some information regarding how much we can expect under the slots revenues that are going to be made available to us. In the five school districts that touch my legislative district, under the slots revenues, we see anywhere from \$92 to \$128 – \$92 to \$128. That is the range of relief that we will have if we do absolutely nothing today, if we do not pass anything at all. Ninety-two dollars for somebody – and the lowest end of the home ownership scale, the lowest property taxes I could pinpoint within my legislative district, were about \$800. Ninety-two dollars out of \$800 is paltry, but \$92 out of \$4,000 is even worse.

We have heard about inequities in our school funding. We have heard about inequities in various other areas during the last couple of days. The education system is inequitable. We have heard that multiple times. When I look at inequities, nothing seems more inequitable and unfair than the way we are currently providing property tax relief. Regardless of what your property taxes are, in the legislative district that I represent, you will receive anywhere between \$92 and \$128. That is absolutely unacceptable. However, with HB 1275 as it is found here in amendment 5384, we have an approach that can provide not only meaningful property tax relief but also an equitable level of property tax relief.

It is easy math. Property taxes are going to be phased out over a 4-year period. Twenty-five percent will be the reduction during the first year, 50 percent the second year, 75 percent the third year, and by the fourth year we will see elimination of property taxes. So if your taxes are a thousand dollars, you get one-fourth of that as your first reduction. If your property taxes are \$10,000, you get one-fourth of that as your first level of reduction.

And so when we think of inequities, let us think of the taxpayers, those who are already paying the property tax. And let us put something substantive in their pockets this year. Let us give them the assurance that their property taxes will not continue to rise over a 5-year period at 33 and 36 and 59 percent. We cannot continue to allow this to happen to our taxpayers.

As we came closer to this debate, I sent out an e-mail asking for some of my constituents to respond, just tell me what they thought of the current system and tell me what they thought our solution should be. I came to Harrisburg to be the voice of the 129th District. Today I am going to literally be their voice and read some portions of their e-mails.

Some of them say that this tax, the property tax, is the most unfair and discriminatory of all taxes, requiring property owners to foot the bill for all education, regardless of whether they even have children in the schools. Others just make statements like, it is totally unfair. I believe – and this is an individual by the name of Patricia, who says, I believe that parents should bear a larger responsibility for the taxes for education, because they are the ones with the kids in the schools.

When I came to Harrisburg, I was determined to be a commonsense legislator. The temptation is to check our constituent interests at the door and begin responding to individual interests up here – lobbyist interests, lobbyist groups. The temptation is to forget about what our constituents say and start listening to the lobbyists, those who might contribute to our campaigns. Let us not let our vote be changed or modified by what somebody else tells us is right, let us let our constituents guide us in this.

My constituents have spoken clearly. Schools and government need to be held more accountable for their spending, is what another constituent said. Without this amendment, I am not personally aware of any other piece of legislation that puts any spending controls in place. Without those spending controls, what can we offer our taxpayers? They get a \$94 or a \$128 rebate this year. Meanwhile, their school boards raise their taxes by, let us say 1.42 mills, so on a \$100,000 house, which is not an elaborate house in my district, property tax would go up \$142. Now, I am not a genius at math, but I know that \$94 and \$92 and even \$128 is a lot less than \$142. And the reason I chose that 1.42 mills is because that is exactly what one of my local school boards did within the last couple of weeks. They looked at their budget, and they have proposed a 1.42 mill increase. So the cheers were very short-lived in my district when property tax relief was announced.

This amendment provides us with an approach that changes the way we fund our schools, takes the burden of funding our schools off the backs of property owners, and spreads it across the shoulders of all of our residents and some nonresidents who visit and would pay some of our sales tax on services or goods that they purchase.

The concept is not new; it is not unique. It has been talked about for years. In fact, this piece of legislation, this concept, is probably the most analyzed, the most discussed, and arguably the most popular property tax relief plan to be discussed in the last 10 years. I have been around the legislature for 9 years now, and I have not heard of anything else that has the ground swell of public support that this approach has. So the question I have is, do we continue the same old system that we have in place now, that allows us as a legislature to keep blaming the school boards? And the school boards turn around and blame us, everyone saying it is not our fault, it is yours. I do not really care whose fault it is, but I do know that the voters in the 129th District sent me here, in part, to focus on elimination of school property taxes and to find a more fair way to fund our public schools.

I cannot stand here today and tell you that amendment 5384, I cannot tell you that it is a perfect piece of legislation. I cannot tell you that it is the perfect solution. But I really find it hard to believe that if we really think through this, if we give this an honest airing, I find it hard to believe that somebody whose property taxes are, say, \$2500 would not be willing to pay \$250 in income or sales tax increases in order to see those property taxes fully eliminated. Again, I am not brilliant in math, but I know that any day of the week I would be willing to trade an increase of \$250 for a reduction and elimination of a \$2500 tax bill.

Now, there is another element here that has not yet been fully vetted, and that is, if we put a 6-percent sales tax on some of these new goods and new services, it will be 6 percent until we decide to change it as a legislature. If we do nothing to cap

school spending or to restrain the ability of school boards to tax indiscriminately, we could see increases well above the cost of inflation, well above any conscientious level. School boards are responding to mandates provided to them by the State by No Child Left Behind, and so many of those costs are driven by things the school board cannot control.

The teachers unions are also playing into the mix, asking for pay increases and so forth. But overall, we have no control as a legislature, unless we choose to exercise it, we have no control over what happens to these property taxes. So we might see a 6-percent increase every year for the next 10 years. Ten years from now, unless we make a change to the contrary, we are still going to have a 6-percent sales tax on the goods and services that we decide to tax under this amendment, and that is a 6-percent with a certainty.

Since 1998, the legislature has tried repeatedly to use the homestead provision found in our Constitution to provide property tax relief. In 1998 the legislature gave the voters Act 50, which failed. In 2004 we got Act 72, which also failed. In 2006 we had Act 1, which promised to provide some relief. Here in 2008, we are finally seeing a little bit of that, but between 2004 when that relief was promised and 2008 when it has actually been delivered, many of the school districts in my legislative district have seen increases of 7, 8, and 9 percent every single year. The district I mentioned earlier is going to be experiencing a 7-percent increase this year alone. Ninety-two dollars when your property taxes are \$4,000, that is not property tax relief. So each of these three pieces of legislation failed to deliver real property tax relief and further failed to control school property tax increases, and any legislation without those two elements is destined to failure.

Someone once referenced Act 50 as a decent attempt by the legislature to provide some property tax relief, and so they called it a foul ball. Act 72, which was built on some of the same concepts, they called strike one. Act 1 of 2006 has been labeled as strike two. And it is my sense that without this amendment today, HB 1600 or HB 1489 or whatever piece of legislation we ultimately end up looking at and passing, I feel that is going to be strike three. I am not willing to make that third strike when we have seen this same exact approach fail repeatedly. It is like being in the batter's box – you know the ball is coming in a certain direction, and you fail to respond to it.

Many of you have expressed a hesitancy to step forward with this, to take a chance on something that is unproven, that has never been tried before, something that we are not quite sure about all the details. Those details can be ironed out in a legislative process. The Senate will continue to iron this out, and we can hammer out some substantive property tax relief in the form of full elimination.

So my question is this: Are we going to refuse to step into the batter's box and take a swing in a way that we have never done before? Do we swing for the fence or are we going to try to bunt again? Of course, there is always the chance of getting another foul ball or even another strike out of this, but I, for one, am not willing to go back home and tell my constituents that I refused to even step into the box and take my best swing.

Mr. Speaker, we have the opportunity today, with the passage of this amendment, to get on the road to property tax elimination. We can provide real property tax relief for the first time to the taxpayers of Pennsylvania. Do we not owe it to our taxpayers to at least take a shot at this?

I ask for your support as I cast my vote for this amendment that will put us on the road to property tax elimination. Thank you, Mr. Speaker.

The SPEAKER. The House will be at ease.

The House will come to order.

### LEAVE OF ABSENCE

The SPEAKER. The Chair recognizes the minority whip, who requests that Representative HENNESSEY be placed on leave. The Chair sees no objection. The leave will be granted.

The House will be at ease.

The House will come to order. Members will please take their seats. Conversations in the well of the House, the rear of the House, the side and center aisles will please be cleared. Conversations will cease.

### CENTRAL DAUPHIN HIGH SCHOOL GIRLS SOCCER TEAM PRESENTED

The SPEAKER. The Chair asks Representative Marsico to come to the podium for the purpose of a presentation.

Mr. MARSICO. Thank you, Mr. Speaker.

And I want to thank the Speaker and the majority leader for allowing us to break in the deliberations and debate of this very important legislation.

I wanted to just take a few moments to recognize a high school in my district – the Central Dauphin High School Girls Varsity Soccer Team. I am very pleased to have them here to honor them today as cochampions of the 2007 PIAA District III Class AAA Girls Soccer Championship. And with pride and honor and with pleasure, they are the first girls soccer team in the midstate to accomplish this feat. So how about a big hand, applause, for the first midstate soccer champions in this area, 2007. How about a round of applause for them.

Joining me is the team in the back; their parents; the administration; the athletic director, Joe Bressi. And joining me here at the podium is head coach Gregg Davis and Maria, Jocelyn, Allye, and Allicia. And I have a special note, if I could recognize my cousin, Maria Marsico Tommasini.

Once again, thank you. We are certainly glad to have them here in the House of Representatives. Coach Davis, we present this citation to you, and congratulations to you, the entire Central Dauphin Soccer Team, the administration, the parents, and the entire community and relatives I see in the back.

Thank you very much for your time, Mr. Speaker and Mr. Leader. Thank you.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes Representative Quigley on the amendment.

Mr. QUIGLEY. Thank you, Mr. Speaker.

I rise to support amendment 5384. This issue of property tax has been debated at length, both this session and in prior sessions. Various proposals in the past have come up short, most recently Act 1, which was rejected overwhelmingly by the voters last year.

The time has come for bold action; the time has come for change. This plan addresses the issue of property taxes, the school property taxes, by eliminating it. It also addresses the issue of school finance reform. All of us have seen the costing-out study, the various issues that are raised by that. This plan goes to some lengths to address those programs and also alleviate the burden of the school property tax.

And the people get this. The people understand that there is going to be a tradeoff for the elimination of their school property tax. They realize that they are going to have to pay taxes on services and other goods that are currently not taxed. I attended a meeting of the Finance Committee up in Oley, PA, in Berks County, about HB 1600. There were over 250 to 300 people in attendance. All those individuals came to speak out against HB 1600 and to talk about elimination. The people understand that there is a tradeoff, that they are going to have to pay these taxes. They want to support public education in Pennsylvania, they just do not want to be taxed out of their homes.

We have heard the arguments from the other side about all of the different special interest groups that will be adversely impacted by this legislation. When are we going to start to address the issues and the concerns of the vast majority of people in Pennsylvania, the vast majority of the hardworking, working-class people who are being forced with decisions about paying their property taxes and living their lives and trying to balance their budgets? When are we going to address the concerns of the vast majority of schoolchildren in this State, in this Commonwealth, with the concerns that they have?

We heard yesterday that this bill will bring about the destruction of public education. I think if you take a look at what is going on in our Commonwealth and the various school districts that find themselves in distress, we are already on that road in many of the districts, to destruction, and the State is going to have to come in and bail out those districts in the end anyway.

As I said, the time has come now for bold action. The time has come for change. Let us pass this amendment and get the ball rolling to both elimination of the school property tax and reform of our school finances. Thank you, Mr. Speaker.

The SPEAKER. The Chair recognizes Representative Stairs on the amendment.

Mr. STAIRS. Thank you, Mr. Speaker.

If I may, I would like to be brief in this long discussion.

In my many years as a legislator, I have heard the negatives on the property tax and have not really seen too many people that like the property tax. It seems it is despised by all. So that means it is about time we do something. But certainly the legislation in front of us right now, this amendment, I think is the wrong way to go. When people find out what their taxes are going to be, if this was ever implemented, there would probably be a revolution in this Commonwealth.

So I hope, let us vote this down. Let us get a good proposal as we deliberate this over the next few days and send something back to our people that they are going to like, that we can live with, it will be very progressive for Pennsylvania, and solve this problem once and for all. So I think a "no" vote here is the smart vote, and then let us roll up our sleeves and solve this problem.

Thank you, Mr. Speaker.

The SPEAKER. Representative Rubley.

Mrs. RUBLEY. Thank you, Mr. Speaker.

And I, too, will be brief, and I would like to ask the maker of this amendment to stand for interrogation, very briefly.

The SPEAKER. The Chair will ask members to please hold their conversations to a minimum. Caucuses will break up. The gentleman indicates he will stand for interrogation. The lady is in order and may proceed.

Mrs. RUBLEY. Thank you.

I have a very specific question. I have the headquarters of Vanguard Investments located in my district. The last I knew, they were the second largest mutual fund company in the world, and I have to know how they will be impacted. When I read what is excluded, "The sale at retail, between an owner of real property and a financial institution..." is excluded. How will the day-to-day transactions that occur at a company like Vanguard be affected if this were to pass?

Mr. ROHRER. Thank you, Mr. Speaker.

That specific question was dealt with carefully, because in Pennsylvania, we have a couple of large mutual fund companies – Vanguard is one; Fidelity in the western part of the State.

Mrs. RUBLEY. Correct.

Mr. ROHRER. The legislation very, very clearly exempts – and has from the beginning and does now – all investments. But it very clearly, distinctly exempts, as well, those charges or those costs that are necessary for the maintenance of those investments, which means for a company like a Vanguard that would have, or anyone else, that would have a management fee, as an example, that would follow an investment, that those are exempt.

So in other words, it would not affect the day-to-day transactions at all of a Vanguard or a Fidelity because of the fact that you are dealing with a person's investments and the costs associated for the maintenance of those investments. So it is very clear, and it was carefully crafted to make sure that they were not adversely affected in that regard.

Mrs. RUBLEY. So just to clarify this, a company like Vanguard or Fidelity will see no new taxes imposed on them in any way, shape, or form if this were to go into effect?

Mr. ROHRER. Not from the standpoint of costs related to their investments. I mean, if they hire out custodial work or someone to do their yard, there is a sales tax on this, charges like they have now.

Mrs. RUBLEY. Right.

Mr. ROHRER. That is no different. But when it comes to the investment, what they are doing in their business, no, it does not impact them.

Mrs. RUBLEY. All right. Thank you very much, Mr. Speaker.

The SPEAKER. Representative Mark Keller.

Mr. M. KELLER. Thank you, Mr. Speaker.

Mr. Speaker, would the maker of the amendment please stand for brief, and I mean brief, interrogation?

The SPEAKER. The gentleman, Representative Rohrer, indicates he will stand for interrogation. The gentleman, Mr. Keller, is in order and may proceed.

Mr. M. KELLER. Thank you, Mr. Speaker.

Mr. Speaker, as I read down through your amendment, I came across a piece that concerns me a bit. I think all of us, in this chamber, are for some type of tax reform and eliminating property taxes altogether. But coming from an agricultural community, as I do, I saw a possibility of veterinarian fees as a possible taxable item. Is that true in this?

Mr. ROHRER. Within this legislation – and the reason the Farm Bureau is supporting us in this legislation, is because it maintains the current agricultural exemption so that a farmer who is in the business of farming, those items that he purchases and he sells are exempt from the sales tax. A farmer who would have a veterinarian come out and provide him a service on that farm, I believe under the continuing exemption, would remain exempt. But if I, as a person with my dog, went to a vet, there would be a charge because I am an individual.

Mr. M. KELLER. So, Mr. Speaker, what you are telling me is there would be a business-to-business exemption here on this particular issue.

Mr. ROHRER. The current agricultural exemption that exempts those kinds of – well, basically they are exempt right now from any kind of sales tax on items that they purchase – applies to that as well. There is no change in that.

Mr. M. KELLER. But their service in itself, the veterinarian service to the agricultural community, you are telling me that is exempt?

Mr. ROHRER. Under the agricultural exemption, that is exempt.

Mr. M. KELLER. My next question, if I may: Do you have any idea of what type of revenue that particular piece is going to generate in this particular amendment?

Mr. ROHRER. Only to the extent that, let me see, that there would be an estimate by the department. I am not sure— I do not know if I can find that real quick. I cannot believe it is a large number— I am not sure I can pull that up right here at the moment.

Okay. That is in the neighborhood of \$45 to \$50 million.

Mr. M. KELLER. \$45 to \$50 million on veterinarian fees, you are telling me, or services – exempting the agricultural piece of that, though?

Mr. ROHRER. The agricultural piece is not included in that number.

Mr. M. KELLER. Okay. All right.

Thank you, Mr. Speaker.

The SPEAKER. Representative Metcalfe.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, this legislation that we are looking at here today and that we heard so much debate on last night is, of course, an evolved piece of legislation that has been evolving over the last 3 to 4 years. And over the last 3 to 4 years, I have been consistently in opposition to this legislation because I believe this legislation, ultimately, is really a tax increase rather than a revenue-neutral change in the law that would provide for what I, ultimately, support, which is property tax elimination, Mr. Speaker.

Mr. Speaker, I have sent a very clear message while I have been in office that property tax elimination should take place, but it should take place in the right way and it should include some major components. The taxpayers are always very weary, or very wary – and weary – very wary of the legislature when it talks about tax reform, because many people believe that tax reform is just another way to gain access to more dollars from the taxpayers' pockets. So whatever we do to eliminate property tax – which I am 100 percent in favor of, eliminating property tax, and have been for 10 years – whatever we do to eliminate property tax must be done in a revenue-neutral manner, Mr. Speaker – revenue neutral. That we should not be taking more from the taxpayers than what we have to actually replace the property tax.

We also must provide for taxpayer protections to control spending in the future. We have to have spending controls in place to make sure that whatever we switch over to does not escalate and get out of control again in the future, as the property taxes have. But, Mr. Speaker, there are some serious flaws in this legislation, and I think they were spelled out very well by one of the gentlemen last night, who interrogated and made comments, from Lancaster County.

One of the major flaws that the majority – supermajority – of my constituents would not agree with is assuming and taking responsibility to pay back the debt from school districts across the State, especially the school districts in Philadelphia, Mr. Speaker. We send a lot of money to Philadelphia already. The folks in Butler County do not want to have to assume debt that is being carried by the Philadelphia School District, or any other school district outside of Butler County or their own school district. So one of the major flaws is the debt that they do not want to assume, that I think somebody mentioned last night was in the range of \$25 billion of debt, statewide. That is a lot of debt, Mr. Speaker, and debt that my taxpayers do not want to take on and one of the reasons why I am in opposition to this.

The reason that I have continued to criticize this piece of legislation, even though it has evolved over the last 3 to 4 years, is what was spelled out last night, that there will be a period of time, which was mentioned last night during debate – I believe that was said to be a year, a year's timeframe – where constituents would, in a sense, be double taxed. They would have to pay the increased sales tax and personal income tax or whatever it would be called, along with they would still be paying their property tax, with no relief given to them yet.

And I think the speaker last night pointed out very clearly that if you have to start paying taxes, double tax for a year's timeframe, there is no guarantee that the legislature will not act within that year to say, you know what? This is not going to work. We have what we need in extra revenue for whatever we are going to spend it on; we are going to just go ahead and change this plan again. Mr. Speaker, we need to make sure that whatever is done protects the taxpayers. This legislation does not protect the taxpayers, but it takes more money from the taxpayers, Mr. Speaker.

Mr. Speaker, I believe that the majority of people in this State would like to see that property tax is eliminated, as I would, but they want to see it done the right way. And I believe that when they would actually find out the details of this legislation, Mr. Speaker, that they would disapprove, that they would want this repealed, that they would disapprove of this legislation as strongly as they disapprove of the bonuses that have been paid out legislatively, Mr. Speaker, that have clearly been brought about in a Bonusgate investigation.

Thank you, Mr. Speaker.

The SPEAKER. Representative Harper, on the amendment.

Ms. HARPER. Thank you, Mr. Speaker.

All of us must view this amendment, as with any amendment, as to what is best for Pennsylvania, but also what is best for our own districts. In my district, people consistently tell me that they have moved to Montgomery County because we have great public schools. Great public schools is the reason that they stay in my district.

Everyone recognizes that seniors on fixed incomes are having a terrible time with school property taxes, but the current plan to eliminate all real property taxes goes further than taking care of those folks. Not a single person has asked me to

eliminate real property taxes on my shopping malls, on my pharmaceutical companies, on my manufacturing plants, or on my office parks – not a single constituent. And those taxes are collected locally and spent locally, which is a good thing, because under the current school funding formula, my districts get about 10 percent of their funding from the State of Pennsylvania and have to raise 90 percent at home. Eliminating taxes on my shopping malls, manufacturing plants, and office parks and forcing me to rely on the largesse of Harrisburg and its politically driven school funding formula is not a risk that I can take, not a risk that the voters in my district should have to bear.

For generations now, township supervisors and borough officials have made land-use decisions to accept traffic congestion and the other ills that come from large traffic-generating land uses. And they have made those decisions in part to diversify our tax base, recognizing that the shopping mall, the manufacturing plant, and the office parks are paying for our schools – and it is working for us. The Rohrer amendment eliminates school property taxes on all of these land uses, which will continue to exist and generate traffic, et cetera, after they are gone, and my schools will have to depend on a politically driven formula from Harrisburg.

There is a way to get relief to seniors on fixed incomes for property taxes, but the Rohrer amendment is not it. I simply cannot risk eliminating property taxes on shopping malls and office parks and depending on Harrisburg to refund that money to my schools. I will be voting "no."

Thank you, Mr. Speaker.

### LEAVE OF ABSENCE CANCELED

The SPEAKER. The Chair recognizes the presence of Representative True on the floor. Her name will be added to the master roll.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes Representative Ellis on the amendment.

Mr. ELLIS. Thank you very much, Mr. Speaker.

You know, interestingly enough, Mr. Speaker, the last speaker spoke about risks and not being willing to take the risk. But you know what? Each and every one of us in this chamber was elected by roughly 62,000 people back in our home areas that wanted us to come out here and be bold, like my good friend from Montgomery County earlier mentioned – make bold decisions.

This is a bold decision. We have to look at what we are doing here in this chamber today. We have heard the arguments that the Senate is not going to take up this bill, why are we doing this? Well, we do not know that the Senate is going to do that. Maybe they will; maybe they will not. We have heard that the Governor does not want any part of this, because he is banking his hopes on the gaming revenue solving it. Well, the folks in my district, Mr. Speaker, are going to get \$82 this year, if they are lucky. We are still wondering if that is going to happen, and are they going to get money next year refunded on their property taxes? We do not know that.

At this point, we are going to be running, probably, pretty close to an even budget – no surplus this year, no deficit. So are

we going to be in a position next year to continue the gaming refunds? I do not know the answer to that question, but I do not think it is going to be a big giant number that the people back home expect. They came here – everyone in this chamber came here, and they have told their constituents different things about property taxes. Well, I will tell you what, I rise today because I am in favor of eliminating school property taxes. This is the first bill that we have had this session that is going to do that.

Is it perfect? No. Will it be changed in the Senate just like every other bill we have ever passed? Yes, it will, and it will come back here and we will continue to debate. But what we do here today, Mr. Speaker, is a bold step in the right direction. We are changing the conversation today from lowering property taxes to eliminating property taxes. And I guarantee you that, yeah, maybe when you ask them directly, do you want the shopping mall or the Target or the Wal-Mart not to pay property taxes, the individual may say yes. But you know what? Eighty percent of everybody in this Commonwealth is employed by mom-and-pop, the small businesses of Pennsylvania, and guess what? They would like a little bit of property tax relief, too.

This bill addresses the needs of the small businesses, the elderly that are struggling to make their payments on their property taxes, and it helps young families that are looking to buy homes for the first time. This is the way we should go. I am voting affirmative for this amendment, and I discourage anybody else in here from voting negative.

Thank you, Mr. Speaker.

The SPEAKER. Representative George.

Mr. GEORGE. Thank you, Mr. Speaker.

Mr. Speaker, I certainly will not be long.

This is the second day we are working with an amendment, and I do not begrudge the time in that we both, both Republicans and Democrats, have been for a dozen years when they each had the majority, had promised some relief on property tax. But whether the pain is in the arm or in the leg, removing it from one part of the body to another does not remove the pain, and the sales tax is the most regressive tax that any working family has to put up with. You know, if an individual lost his job, he still has to pay that homeowner's tax, but he still has to use what little he has to pay sales tax.

Now, just for a little history, Mr. Speaker, if you will. I heard somebody mention about when the sales tax was passed. The sales tax was not passed in the 1930s, it was passed in the term of Governor Leader in 1956. He held up for 16 months hoping that the people in Pennsylvania would adopt a tax such as the Federal government so that the individual who would least be offended to pay the bill, that he is deriving the benefit from, and that we would not put the load, supposedly, on the horse that does the most pulling, and that is exactly what we are doing. We are placing it on that same individual that I heard a couple of dozen of you in 10 days say you want to help.

Well, again, if we are going to remove the pain, let us take it away from the whole body. Let us do what we have to do and vote this amendment down, because it does absolutely nothing. And adhering to what we have promised, that Pennsylvania now will adopt a plan to help those people in despair, to help those small businesses, to help these individuals who find this aggressive tax more aggressive than ever, but nevertheless, the sales tax is just as aggressive as this is, and I ask that we defeat this amendment.

The SPEAKER. Representative Kortz.

Mr. KORTZ. Thank you, Mr. Speaker.

Mr. Speaker, I rise in opposition to amendment 5384. While the goal of this amendment is laudable and it is something we all want, the means to get there, 5384, I believe, is not the correct vehicle that will take us to that goal.

Mr. Speaker, I am in agreement with my colleague from Butler County who stated previously that this amendment has many flaws, and it does, as has been vetted over the last 2 days. I am also in agreement with my colleague from Lancaster County who so appropriately put it last night, that there are serious unintended consequences that are going to follow if this becomes law. Mr. Speaker, these unintended consequences will be far reaching, they will be very serious, and I believe they will be found unacceptable by the people of the Commonwealth.

So I would humbly ask that everybody vote "no." Thank you.

The SPEAKER. Representative McCall.

Mr. McCALL. Thank you, Mr. Speaker.

Mr. Speaker, I rise to oppose the Rohrer amendment. And I do that reluctantly, because I think all of us who have worked on this issue want to find a means to achieve true and meaningful property tax reform in this Commonwealth. And I stand before this microphone as one of those strong advocates with the commitment that we will somehow or some way achieve true property tax reform in the Commonwealth.

But there are a number of inherent problems with the Rohrer amendment, and I think most of the members who have sat through this debate understand what those problems are. But first and foremost, I think one of the most significant things is that it doubles the cost to our taxpayers, the taxpayers whom we are shifting this property tax reform to, because this is precisely that – it is just a tax shift.

In candor, everybody has to pay for this tax shift, but we should not have to pay for this tax shift twice. Owner-occupants are going to pay for the property tax reductions, at least the 50-percent reductions that the gentleman alludes to in his legislation, by virtue of the personal income tax increases and sales tax increases in this legislation to pay for that 50-percent tax reduction for business and industry. We should not have to pay twice and give that windfall to the most prolific businesses and industries in our districts. We should not have to pay for that as taxpayers – me paying for their tax reduction. This should be on homestead property and homestead property only.

He criticizes our plan because our plan needs a constitutional amendment. What he is not telling you is that his plan needs a constitutional amendment as well, and it needs enabling legislation, just like our bill does. The Rohrer language or the language before us today, if we do not pass a constitutional amendment, his language eliminates property taxes in total across the board. The cost of that by 2011 is \$17 billion – in 2011. That is the historical rate of growth in this Commonwealth with property taxes in our school districts.

Without a constitutional amendment for his bill – and he needs one; he needs a constitutional amendment, and he needs enabling legislation as well – we will reduce business and industrial and commercial property taxes by 100 percent in this Commonwealth. That is a bill that you and I cannot afford. We all agree we want to reduce property taxes, but we do not want to do it at the expense of the middle class, the poor property tax payers in our districts. It will be on their shoulders. They will be paying for the 100-percent reduction of those business property taxes. It will be on their shoulders if this bill passes.

Understand that, and that is a very important point on this. He criticizes our plan about the constitutional amendment. His plan needs a constitutional amendment as well and enabling legislation to pass this House to pay for those tax reductions, and it is very significant. We are very close on what we want to do, it is just how we get there. His bill eliminates property taxes in total and takes the ability to raise that tax entirely away from school districts. Somewhere, somehow, he has to amend the uniformity clause, because what he is telling you is he only wants to reduce those property taxes by 50 percent. Without a constitutional change, those property taxes are going to be reduced by 100 percent.

And I know in my school district, in Panther Valley, one of the poorer school districts in my legislative district, the big companies and industries that pay property taxes to that school district, when they see that their property taxes are going to be reduced by 50 or 100 percent, somebody is going to have to be answerable to that. And all of you in all of your districts are going to have to be answerable to all of those big corporations that are going to get a windfall in property tax reductions on the backs, on the backs of the people who pay the personal income tax and the sales tax. Mr. Speaker, that is not fair.

The other thing in this legislation is that it will be the most significant, and I mean – let me say this a second time – this will be the most significant cut in education to our children in the history of Pennsylvania. This will be the most significant cut to the education of our children in the history of Pennsylvania. The Rohrer language builds in a \$3 billion deficit by year 2011, under the spending caps that he imposes in his amendment. And guess what? That is not just our language, that is not just our Appropriations telling us that; that is in conjunction with the two Appropriations Committees.

The 2011 historic growth, in education growth, is \$17 billion. The Rohrer language drives \$10 billion in new revenue to pay for education. There is a \$7 billion disparity. However, he puts in a hard index cap on the growth in education. With that index, with that growth index or cap in his legislation, there is still a \$2.7 billion deficit in education funding. That guess what? In year 2011, we are the ones that are going to have to come up with that money to pay for that.

The numbers do not match up. If the numbers matched up, you would have consensus on this side of the aisle, and I am sure consensus on the other side of the aisle, to get this bill passed. But the reality is, the numbers do not work. We want the numbers to work. We want property tax reform. Every single one of our members on this side of the aisle wants meaningful property tax reform. And I have talked to a number of members on your side of the aisle, and I know you want the same thing. It is how we get there; it is how we get there. The caps that he imposes, there is no allowance for school districts for costs that they cannot control, health-care costs. We all know what is going on in health care, and we are trying to address that issue as well – health-care costs, energy costs, emergencies, future expansions. His cap, his hard cap does not give any allowance for any of those problems.

And then I think one of the other unintended consequences is Philadelphia is going to receive a windfall. Well, it is not quite a windfall, and I will explain why. Philadelphia is going to receive \$75 million in new tax revenue. Allegheny County is going to receive over \$90 million in new tax revenue because when he expands the base in the sales tax – we gave Philadelphia and Pittsburgh the ability to implement a 1-percent

sales tax in their municipalities. Allegheny County has the regional asset district. That money, that increase, or expansion of the sales tax, does not go into the educational opportunity fund. That money goes back into Philadelphia and Pittsburgh's coffers. So it is not a tax shift for property tax reduction, it is technically a tax increase to those individuals. Even though that money is going back to the regional asset district and to Philadelphia, it is conceivably a tax increase on your constituents because the money does not go into that educational empowerment fund that is created under the Rohrer language.

His money does not flow back into that fund. So it conceivably is a tax increase, and if you want to vote for that type of a tax increase in Philadelphia and Pittsburgh, then you vote for this bill and that much more money goes into those asset districts, et cetera, et cetera, but it does not go to property tax relief, and I think he wants his money to go to property tax relief. So it is conceivably a tax increase for your constituents.

Mr. Speaker, I would just say that this amendment could destroy education as we know it in Pennsylvania, and I think that is one of our premiere and foremost concerns. I would submit to you that this is not for educational opportunity. This could be for an educational calamity, and I would ask that the members vote against the Rohrer amendment.

### LEAVE OF ABSENCE

The SPEAKER. The Chair recognizes the majority whip, who requests that Representative BELFANTI be placed on leave for the day. The Chair sees no objection. The leave will be granted.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes Representative Reichley on the amendment.

Mr. REICHLEY. Thank you, Mr. Speaker.

Would the maker of the amendment stand for brief interrogation? I asked for brief interrogation, Mr. Speaker. Is that all right?

The SPEAKER. The Chair apologizes.

Mr. REICHELY. That is okay.

The SPEAKER. The gentleman, Representative Rohrer, indicates he will stand for interrogation. Representative Reichley is in order and may proceed.

Mr. REICHLEY. Thank you, Mr. Speaker.

Let me first say, Mr. Speaker, that I believe the gentleman from Berks deserves a great amount of credit for having modified this proposal over a number of years that it has existed. I know he has taken food and clothing out of this potential tax scheme. I do disagree with him on the taxation of legal services and of personal accounting services, and I will support an amendment to that effect, but I am hoping the gentleman will find it possible to amend his particular position on this.

But my question, Mr. Speaker, is in reading through a summary and then the language of the bill, referring to page 90 where there is a provision which would allow a school district, subject to an affirmative vote by at least two-thirds of the elected board members, to "borrow money in...an amount not exceeding the anticipated current revenues...." If that would

take place, Mr. Speaker, after the point at which the Commonwealth has assumed all the other outstanding debt from the school districts as of June 30 of this year, how does a school board generate the revenue to pay off the passage of this ordinance for the assumption of debt?

Mr. ROHRER. Mr. Speaker, the provision that you cited there is a provision that is to allow the school board, during the process of a year or their budget season, to basically borrow in anticipation if they would so choose – if need to. That is just to give them the allowance that they have right now to really borrow in anticipation of revenue known, that they will know that they were getting. That is not there to allow them to go and to borrow beyond what they have the ability to pay. That is kind of like a type of tax anticipation type of borrowing.

Mr. REICHLEY. Mr. Speaker, does a board have the permission, under your amendment— Well, strike that.

Would a school board be able to, by passage of a two-thirds vote, be able to borrow a certain amount of money in anticipation of the revenue to be received back from the State, but the amount borrowed could exceed the amount received from the State?

Mr. ROHRER. Their borrowing cannot exceed what they will be receiving from the State. That they are limited in what they do.

Mr. REICHLEY. I am reading at page 90 of the amendment, starting on line, the end of line two: "Except where such temporary indebtedness is to be refunded by the issue of bonds, as authorized, at or before the time of incurring indebtedness for such purpose, provision shall be made for the collection of an annual tax sufficient to pay the interest and also the principal thereof within the term of such indebtedness, as provided by law."

Does that language seem to imply that even after, under your legislation, you will have substituted property tax revenue for the other revenue – the sales tax revenue, the realty transfer tax revenue, the personal income tax increase revenue – that a school district could still be authorized to collect "...an annual tax sufficient to pay the interest and also principal thereof..." on the amount borrowed?

Mr. ROHRER. Mr. Speaker, in a previous section – I do not have it at all here – the school boards lose their ability to authorize any local tax without the express authority and vote of the taxpayer – a very, very, very strong spending control mechanism. But that is only after the transition has been made where they have their obligations certified, which then becomes ultimately the responsibility of the operating fund to provide those dollars in those amounts as certified by those districts. They do not have, under the legislation, the authority to borrow or incur debt of any kind other than anticipatory of what they know they are going to get, as revealed from the operating fund, within the space of that period of time. They cannot incur debt because they have no ability, without the voters' approval, to raise the revenue for it.

So this is only a temporary authorization here, and again, it is for during the space of a year. They cannot – they have no authority to raise any additional tax revenue without voter approval.

Mr. REICHLEY. Well, I apologize, Mr. Speaker. You are much more learned and well-versed in this subject than I am and can ever hope to be.

I guess based on your last answer, though, I am confused then. I honestly just do not know the answer, it is not a loaded

question. I do not understand, then, what the language means from lines 5 through 7 that says, well, excuse me, starting at the end of line 2: "...Except where such temporary indebtedness is to be refunded by the issue of bonds, as authorized, at or before the time of incurring indebtedness for such purpose, provision shall be made for the collection of an annual tax sufficient to pay the interest and also the principal thereof within the term of such indebtedness, as provided by law." I know you said that there would not be any taxing authority left with the school board and certainly having listened and talked and read e-mails from numerous constituents in Berks County and Lehigh County, they want to see the end of local taxation, but this language would seem to allow for the continuation of a taxing capacity by a school board.

Mr. ROHRER. Mr. Speaker, this section here is a carryover of the current school tax of the school code. And that is what is currently in place in law now. However, this entire section is superseded by the section that prohibits the school board from incurring any cost or raising of any new tax without voter approval. So this is current law, but it is superseded by the fact in another section they do lose the ability to raise tax without voter approval.

Mr. REICHLEY. This may be a silly question, but if it is superseded, why is it in the amendment then? If this section that you have just, what you and I have been discussing is superseded by another provision, why is it in the amendment?

Mr. ROHRER. All I can tell you on that is between Reference Bureau and those who worked on carrying over – because in this bill it actually takes and rewrites and rephrases a lot of the sales tax code and a significant portion of the education code. This portion came across in education code, but as I say, it is limited even in what is there by the fact that the prevailing language is that the school board does not have any longer, under this legislation, the authority to raise any new tax or revenue without voter approval. So that prevails.

Mr. REICHLEY. So after the assumption of the school district debt by the Commonwealth, a school district would be allowed to borrow an amount in anticipation of the revenue to be received back from the Commonwealth, and if any tax which is otherwise provided in law that can be assessed by the school district, that same capacity would be limited by requirement for a referendum approval in the school districts. Is that correct?

Mr. ROHRER. I guess in essence, in essence, yes. The school— This legislation, by eliminating the school property tax, does so by eliminating the authority of the school board, who now has the authority to impose local taxes, property taxes and others – they lose that authority. That is an act of this legislature. That is what we can do.

They do retain the authority to impose or raise additional revenue, limited to an earned income tax or a personal income tax for a couple of different purposes. One would be a project or an item that they would just want to initiate. Another would be relative to new future construction. In either case, those two opportunities, which at the direction and will of the school board, would have to be put before the taxpayers, the voters, for their approval. That is the only way additional money can be raised locally other than what was being funded from the operating fund, so they retain what they have really requested. And we think it is prudent, the ability to raise additional revenues, but they must do so only by voter approval. And that is the prevailing and controlling language.

Mr. REICHLEY. Mr. Speaker, you had previous discussion with some of the members about the assumption of the school district debt by the Commonwealth, and that would total somewhere in the range of \$20 to \$24 billion. Is that correct?

Mr. ROHRER. The total long term – the long-term outstanding debt by the districts is in the neighborhood of \$24 billion, best as the numbers are. But that is not all going to be assumed by the Commonwealth, and that needs to be – those are some comments that may have been made that have to be clarified. The Commonwealth is not just picking up \$24 billion of debt. That \$24 billion of debt is already factored in to all of our school districts' budgets. They are already paying that.

Under this provision, the operating fund, through this change, would analyze that current debt. They would go to XYZ school district, analyze their debt. Suppose they have \$1 million worth of debt. Their budget already includes the payment for that \$1 million of debt. If that debt can be rewritten at a lower cost, the operating fund will take that \$1 million of debt and reduce the payments to the school by a corresponding amount.

So the Commonwealth is not assuming any new debt or obligation that otherwise is already there in the districts. The districts would – their reimbursement would be lowered by the amount of debt payment that would be lifted by the operating fund, but the savings between what it was and what it would be, rewritten, would accrue to the operating fund. So the savings would come to the operating fund here from which all districts are funded.

And unlike what one of the other members had said, that there is great harm done to public education by this, that is absolute nonsense. Actually, this is the first time that any money has actually been put back into our public schools. This puts money into the schools with assurance of what they are going to get, but the debt is handled in that fashion. So it is important for folks to understand that we are not just picking up the debt and letting the school districts walk free. No, not at all. Their reimbursements will be lowered by the amount of that debt payment.

Mr. REICHLEY. Well, taking into account your last statement, and I think it is open to discussion because of the figures I have seen, this amendment would project a 2-percent growth in spending per district when we have traditionally been allocating roughly 4-percent growth for districts. So I am not quite sure that the assertion that education will not be harmed prevails or that we are not going to be putting seniors – pitting them against families with children in terms of educational quality in the districts. You mentioned a couple of times about if a debt is renegotiated – so there is a contingency or it is a possibility that the debt could not be renegotiated. Is that correct?

Mr. ROHRER. That is exactly correct, because in some cases, although experience would indicate that it is probably more the exception than the rule, local districts, because of the nature of them going out as an individual district and writing debt on their own, they have not been able to obtain the lowest cost borrowing. So therefore, to the extent that the debt instruments that these districts hold are expensive debt or debt that could be rewritten at rates today that would be lower, they would be rewritten. To the extent that they are already low or do not – there is no advantage, financially, to rewrite them, they are left in place. The school district continues to pay those principals and interest payments just like they do now, and that

is a part of their budgetary obligation for which the operating fund is reimbursing them.

Mr. REICHLEY. And again, the issue of the recalculation or refinancing of debt is something much beyond my level of ability to understand, but you have said a couple of times that if this would happen— Do we have a previous experience or precedent where the Commonwealth has assumed debt from other local governmental structures and been able to renegotiate it at a lower rate?

Mr. ROHRER. To some extent, it is not unknown because if we step in – into a district that is in financial distress – we take over and manage their finances and their funding, this Commonwealth, this legislature by the fact it has created the school districts, ultimately stands behind and is the last guarantor of debt payment, even for instruments that are picked up by the local districts, because they are a creation of this Commonwealth, unlike the county and township governments, which are a step removed from their direct relationship to this legislature.

So we do have past experience of handling and stepping into debt circumstances when there is a financially distressed district. Under this scenario, because of the connection of the school district to this Commonwealth and because of this obligation of this Commonwealth to public education, the connection is there both legally and elsewhere for us to do this kind of rewrite. Frankly, personally I do not think that – it may not exist for counties and townships, I think that is a stretch, but for schools, well within our ability to do so.

Mr. REICHLEY. In that situation that you have just described where the Commonwealth has assumed debt, those have been districts which were fiscally or financially at risk, that they were failing to be able to generate sufficient revenue because of particular economic circumstances. And I guess my question naturally follows, is there a situation in which a district which is financially viable, which is doing well and the debt holders, the people who have bought the bond issuances from the district, because there is a reliable source of revenue to pay off that debt, i.e., the property taxes, have we ever had a situation where a financially flushed district has renegotiated debt such that the Commonwealth assumed?

Mr. ROHRER. Districts can renegotiate their debt on their own if they want to. Some do; some have. Just like you and I would renegotiate a mortgage. They have the authority to do that. The intent as laid out in this legislation is not a mandatory rewriting, but it is a matter of working, the Treasury working with the school district to analyze and to look at what makes sense for both them and the bigger picture. There is no mandate in here that, in fact, those debt instruments will be rewritten or they have to be rewritten. The mandate is that they have to be analyzed financially to determine whether or not it makes sense to rewrite them. If it does, where there would be savings realized from it, then it is, in fact, an interest of the school district to allow that to be done, and it is in the interest of this Commonwealth to achieve really significant savings.

So it is in everyone's interest to do so. I mean, that is just one of those financially prudent moves that this Commonwealth does even on its own debt, at times – we rewrite debt. That is all this is for, knowing the fact that in the financial markets today, there are significant opportunities to lower costs, and why not save the taxpayer money?

Mr. REICHLEY. And I can understand that, Mr. Speaker, if the situation was the Commonwealth renegotiating its own debt

or a district being able to renegotiate towards a lower rate. In that particular description, though, it seems that we have left out the question of whether the holder of the debt – the person to whom the bonds were sold – whether they have the ability to say, no, no, no, school district, I negotiated this with you. I bought your bond. I bought this under the premise that there is going to be a reliable source of income to pay off this bond. I do not want you to renegotiate this to the Commonwealth. What capacity does the school district then have, even if it was to be able to have the Commonwealth assume the debt at a lower rate, to essentially break the contract with the person who bought the bond?

Mr. ROHRER. Mr. Speaker, that becomes a matter of negotiation with the district and with Treasury and with the holder of the bond. Because there are so many different variations of debt instruments out there with different people, different circumstances, it is possible, I would suppose, that maybe there are some that could not be for one reason or another – if that is the fact, if that is the way it is, then that is the way they stay. But where they are able, it makes sense to do that on all parties because, frankly, a person who has written debt and loaned that money, their question is, I want to make sure I get paid back. That is what they are concerned about. It is obviously in their interest, they want to make sure they are going to get their money paid back. At the end of the day, legally, statutorily it is the good faith and credit of this Commonwealth that is the maximum guarantor of financial payback. It is not the taxpayer in the district. It is ultimately this Commonwealth.

In a case, though, where someone may not be satisfied with that, there is in the legislation a provision that allows for a dispute, resolution aspect for that aspect to be brought up and considered, so nothing will happen and be forced upon any party that is not in the interest of all of them. Frankly, if I were the loaner, I really would not care whether it is the school district paying me back or the Commonwealth. Most cases, people would prefer the Commonwealth.

Mr. REICHLEY. Mr. Speaker, I appreciate the complexity of some of these answers. If you have the situation, though, where the party that purchased the bond, purchased the debt, loaned the money, in essence, to the district, as you just mentioned, this would be a negotiation. And of course, a consequence of every negotiation is, one party says no, I do not accept your offer. In that situation, if your amendment would be enacted into law and if the taxing authority is removed from the district, how does it raise the money to pay off the bonds from a party that said, no, I refuse to have them renegotiated to a lower rate assumed by the Commonwealth?

Mr. ROHRER. Mr. Speaker, I appreciate your concern for the questions. These are financial issues that are a matter of those who are involved in finance and loan. The legislation, as I have previously stated, does not mandate and say that every instrument will be rewritten. It does not say that everything will be assumed by the Commonwealth; to the contrary. It says that here is an area that we know, in \$24 billion, approximately, of long-term debt, most of it expensive debt, that the ability to achieve in the neighborhood of a half a billion dollars a year in savings on interest is very, very real and very, very attainable. That is a matter of having a process by which they can be legitimately analyzed by the correct people. Our Treasury is in the business of doing that kind of thing, working with the Department of Revenue. That is how it is intended to be set up.

Where those instruments can be rewritten, they can be rewritten. Where there is some impediment that prevents them to be, they remain where they are, and the school district continues to pay the interest and the principal just like they are now.

Mr. REICHLEY. Is it fair to say, Mr. Speaker, that not every purchaser of school district debt is actually residing or located within that particular school district which issues the bonds?

Mr. ROHRER. That is probably very true.

Mr. REICHLEY. So there may not be the altruistic interest on the part of the bond purchaser to say, I will let you, school district, achieve a savings by renegotiating this rate at a lower amount such that the Commonwealth would assume. And I guess I am trying to put pieces of the amendment together quickly that— Do I take it that if this amendment would get enacted into law and the ability for school districts to have any taxing authority is eliminated, that when the school district submits its budgetary requests to the State for any debt that is not renegotiated, but part of the component of that budget request would be payment of the interest and principal on any of the bonds that could not be renegotiated. Is that correct?

Mr. ROHRER. That is correct.

Mr. REICHLEY. Right. Theoretically then anybody who decides, I am not going to renegotiate the debt, they would be, to some degree, causing the district to look very carefully at their allocation of their funding within the amount they request from the State because a part of it would necessarily have to go to pay off interest and principal from any of nonrenegotiated debt.

Mr. ROHRER. Well, your debt payment is a part of your budget. I mean, that is a part of what the districts do.

Mr. REICHLEY. Okay.

Mr. ROHRER. It is just like any other obligation that they would have.

Mr. REICHLEY. Okay. So that, in fact, could impact educational funding to some degree if they cannot renegotiate the instruments to get the lower rate, and the State has only approved them for a 2-percent growth in their allocation?

Mr. ROHRER. No, that is not correct because when the districts certify their financial obligations, it does take into account what they know their expenses are and their obligations are going forward, to the extent that they know them. That is already built in. So no, that does not and that would not, under this, impact in any negative way the budgets of the schools. They know what their obligations are even if they have got something where they have entered into a balloon payment 5 years down the road, that is a known obligation. That is a part of their budget. So, no, no one is harmed at all by being stuck with not having enough. That is a part of what is a part of the upfront certification process and the certifying of their full budgetary obligation which includes debt as well as a host of other things.

Mr. REICHLEY. Okay. Because as one of the members was recalling, I think the Boyertown District got involved in a very bad investment situation which has caused them further financial impact in the out years. I think there was an investment in a golf course or investment with other bond issuances.

The last area I want to ask you about, Mr. Speaker, is on page 84 of the amendment under "LIMITATIONS ON SCHOOL DISTRICT TAXATION," in subparagraph (a)(3) for "Abrogating authority to impose certain taxes." "The authority of a city of the first class to impose or continue to provide for

the imposition or continuation of any tax, including, but not limited to, the real property tax, for the use of a school district of the first class that is not specifically authorized under this act shall expire...."

Can you try to break it down into layman's language, what does that mean? It seems to refer to Philadelphia and a taxing capacity within Philadelphia that have "not specifically authorized under this act would expire...."

Mr. ROHRER. Could you recite that section, please?

Mr. REICHLEY. Yes. I was going to offer to do that, actually.

Page 84 of the amendment, at least starting at line 21, it is under section 1101, "LIMITATIONS ON SCHOOL DISTRICT TAXATION." It refers to "Authority to levy taxes and effect of future Constitutional amendment." Subsection (a)(3): "Abrogating authority to impose certain taxes." There is "The authority of a city of the first class to impose or continue to provide for the imposition or continuation of any tax, including, but not limited to, the real property tax, for the use of a school district of the first class that is not specifically authorized under this act shall expire in accordance with...section 1102...."

Mr. ROHRER. Thank you, Mr. Speaker.

As we understand the city of the first class, Philadelphia, its structure for collecting and imposing taxes for education is different than all of the rest of the districts in this Commonwealth. This section is intended to basically say that they do not have and will not have the authority to impose a tax specifically for schools.

Now, they are guided within this other section, as well, that they have to reduce. Once they are certified – just like all the rest of the districts – once they are certified in their budgetary obligations for this school district, they will have to, as Philadelphia, reduce their taxes accordingly. But for them, the mix is different because it is not just real property. It is wage tax. It is other things. But their obligation is that they will have to eliminate or reduce the total taxes in the mix that they so choose. We did not specify. We think that is best that they choose how to do that.

This just says that they do not have the authority to impose a tax specifically for education, which is in keeping with the change for all of the districts under here to lose their ability to impose a real property tax for education.

Mr. REICHLEY. So does this refer to the city wage tax or what we heard called the Sterling tax sometimes?

Mr. ROHRER. This refers to the real property tax, real estate. That is what we are dealing with. We are not talking about the Sterling tax. But they, in their options of reducing—The obligations they will have to reduce the tax load by the amount that the operating fund will pick up the cost for Philadelphia, they are going to have to either lower it on real estate – it could be all of it; we do not specify, and you will find it is not specified in here, the percentage – or they could put it all towards reduction of the wage tax. That is going to be the decision of the council in Philadelphia to choose what is best for Philadelphia, but they have to reduce the dollar amounts equivalent. They cannot just not do that.

This just says that they cannot impose any longer a real estate tax for the purpose of education. Even though we know that it is collected broadly, it still is going to education. So this is strictly a matter of keeping language consistent throughout the code when we, as an act here, say that school districts and school boards lose their ability to tax property for the purpose of

providing education for school districts. This was something that LRB (Legislative Reference Bureau) and drafting attorneys just felt needed to be there just to keep that consistent throughout, but obviously, understanding cities of the first class, Philadelphia, are unique in the way they tax and the way they fund their schools. So we do not – this says what needs to be done, but the flexibility is with them on how they reduce them.

Mr. REICHLEY. Is there going to be any necessary language to effectuate imposition of the city wage tax based upon that paragraph, or does this merely refer to the city of the first class not being able to assess a real property tax for the use of the school district?

Mr. ROHRER. This is limited to real property tax. Well, it is any tax directly in support of the school district.

Mr. REICHLEY. Okay. Could you say that one more time?

Mr. ROHRER. It is any tax that is directly in support of the school district.

Mr. REICHLEY. Is eliminated?

Mr. ROHRER. For that express purpose, yes.

Mr. REICHLEY. Are there other taxes that are imposed by the school district other than for – or the city of the first class – the express purpose or sole purpose of education?

Mr. ROHRER. Well, Mr. Speaker, the school district, I do not believe, imposes any taxes. It is the city council that imposes the taxes on behalf of the school district. So that is why the structure is totally different than anything that any of the rest of us in here are used to.

Mr. REICHLEY. Okay. All right. Thank you, Mr. Speaker. That is the conclusion of my questions. Thank you.

The SPEAKER. The Chair thanks the gentleman.

## FILMING PERMISSION

The SPEAKER. The Chair advises members that he has given permission to Carolyn Kaster of the Associated Press to take still photographs for 20 minutes.

## HOUSE SCHEDULE

The SPEAKER. The Chair recognizes the majority leader, Representative DeWeese.

Mr. DeWEESE. Mr. Speaker, we were anticipating taking a lunch break at high noon and having caucuses and returning at 2. I think it is the collective view of our team that we will postpone the lunch until after the debate, and we will make adjustments at that point. We do have one or two committees that need to meet and we had thought that possibly between noon and 1, at least the Judiciary Committee would be meeting.

So again, this is a flexible and fluid setting and we will make those modifications later, but we will repair to lunch at the conclusion of the debate on the Rohrer amendment. Thank you.

## CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. Representative King.

Mr. KING. Thank you very much, Mr. Speaker.

Mr. Speaker, this debate and this issue is very important of course, but it is also very difficult. And this particular amendment, I believe, is of the utmost difficulty. I have taken a lot of time to research and dive into this amendment. I have listened very thoroughly to the debate, and we have had a

number of fantastic speakers. And I want to commend the maker of the amendment. He has put forth a genuine proposal, a genuine idea. He has taken the time to research and really dive into this issue.

But as we all know, when it comes to property tax relief, we are talking about a tax shift. And unfortunately, in good conscience, I cannot shift the taxes and the tax breaks and the tax cut and the 50-percent reduction in taxes, in property taxes, for the same oil and gas companies that are charging my constituents over \$3 a gallon for gasoline, onto the backs of the hardworking, middle-class taxpayers of my district. And I cannot, in good conscience, shift the taxes for the large shopping malls, corporations, and big pharmaceutical companies onto the backs of my constituents who have to pay the taxes on funeral services for the death of a loved one, who have to pay the taxes now when they go to an ATM (automated teller machine) machine. And while again, I commend the maker of the amendment for his efforts on this, we need primarily to be concerned with homestead/farmstead tax relief, tax breaks for homeowners, and that is what my constituents want, that is what I am here for, and I ask everyone to please join me in opposing this amendment as we push forward to provide tax cuts, tax relief, for the homeowners and farmsteads in our districts.

Thank you, Mr. Speaker.

The SPEAKER. Representative Daley.

Mr. DALEY. Thank you, Mr. Speaker.

I, too, want to commend Mr. Rohrer for his diligence on this matter for several years now. However, as chairman of the Commerce Committee that deals with banking, I need to correct some statements on the floor that have been used and misused regarding mortgage foreclosure and property taxes.

The Department of Banking, in 2005, did a study that cited the many reasons and contributions for foreclosures in Pennsylvania. The nontraditional – or traditional ones are the unemployment and underemployment of our constituencies, divorce and separation, unexpected emergencies, home repairs and maintenance, rising home expenses by people using credit cards, financial distress resulting from homeowners' decisions, and the subprime mortgages themselves. That report talked about the adjustable rate mortgages where people get into mortgages at 2 percent that they can handle and they balloon under an arm up to 8 and 9 percent, and they simply cannot afford that rate.

It also talks about loan solicitations and those loan solicitors that have misled the public, willfully and sometimes fraudulently, regarding the terms and conditions of their loans. Inflated appraisals, we find out, in eastern Pennsylvania, this is one of the major contributing factors. People literally biting off more than they can chew. And also property tax – property tax is not the major factor for foreclosures in Pennsylvania. All of these things and many other reasons are the reason why we have so many foreclosures – 10,000 last year, probably 12,000 this year. But it is not a State phenomenon regarding property tax.

If you look across the nation, foreclosures are in every State and many States do not have property taxes. Florida for one has an advalorem tax. It is not a property tax per se, and their foreclosure rate is three times as high as it is in Pennsylvania.

Now on the other hand, Mr. Speaker, the financial institutions in Pennsylvania have articulated to me their dismay with this legislation. The banking industry studies indicate that the tax burden on its customers and on banks themselves would

increase substantially despite the bill's elimination of school district property taxes. The impact of such increases will fall hardest on elderly customers and those employed at lower incomes, according to the banking community.

The financial institutions would also face an additional financial burden to change and manage the processes to capture and pay sales and use taxes on this expanded base. Fourthly, the Pennsylvania banks and out-of-State banks, as something that should concern all of us, would be viewed as equals with regard to services performed out of State for Pennsylvania customers, but compliance by out-of-State banks with the use tax in Pennsylvania would be absolutely difficult to enforce and would result, likely, to be unfair to our own banks. That competitive disadvantage for Pennsylvania banks would cause them to move more of their operations out of the State of Pennsylvania. The result could reduce tax revenues, not increase them, and this is according to the financial institutions in Pennsylvania.

Services that many community banks purchase from third-party vendors could be deemed to be financial services and subject to taxation. Larger financial institutions offer back-office and other services that could be subject to the 6-percent sales tax.

Mr. Speaker, we have to be smart anticipating the impacts of what we do, not simply focused on what may sound good in principle. It is called foreseeability. Tax structures that drive businesses out, or could possibly drive businesses out, do not help us in any way whatsoever. Yes, we need a better solution than property tax; we all agree. Yes, everybody, including businesses, needs to pay their fair share of the cost. But we cannot just adopt measures that sound good. We have to look at the causes because they are foreseeable.

So I must rise in opposition to amendment 05384 because of these concerns of the financial communities in Pennsylvania. Thank you, Mr. Speaker.

The SPEAKER. Representative Miller.

Mr. MILLER. Thank you, Mr. Speaker.

Would the prime sponsor rise for brief interrogation, please.

The SPEAKER. The gentleman, Representative Rohrer, indicates he will stand for interrogation. The gentleman, Mr. Miller, is in order and may proceed.

Mr. MILLER. Mr. Speaker, under this legislation, would nonprofit memberships be taxed, like the YMCA?

Mr. ROHRER. Mr. Speaker, memberships would, under a broadened base, be subject to tax, be it a membership in a profit or a nonprofit. Again, that is policy right now. Just so folks understand, right now the current law exempts memberships of any type, be it for a profit or for a nonprofit. In the removing of exemption and the broadening of the base, it keeps the entire class alike, so that if a nonprofit is selling a membership and competing with somebody across the street who is a for-profit, they both will be subject to the sales tax. The nonprofit, because they are a nonprofit, is exempt on all of their purchases. The for-profit is not. This does not change that. That is a part of what makes a nonprofit a nonprofit.

So a short answer to your question is, yes, that memberships as a category would be included in the base.

Mr. MILLER. Okay. I appreciate that clarification.

My second question goes, as you know, I live in an area of the State where we have a very difficult issue with growing school districts. The fact is that the State has not kept up with funding for new students over a very long period from 1991 to

the present, and it has really hurt my tax base, especially my seniors, and I know you are well aware of that.

Mr. ROHRER. Yes.

Mr. MILLER. One of my problems with this amendment the way it is written, the bill the way it is written, goes to the fact of assuming school district debt that is existing but from here forward, if a school needs to build, it will be on the local taxpayers' dime, not taken over by the State. So there is a windfall for schools that had their growth and did their building over the past 5, 10 years, but those that are continuing to grow, going forward, those taxpayers will shoulder a larger burden of the cost of educating those students because their debt has not been taken over.

Now, if your provision in here that— To do a school addition, to build a new school, float those bonds, they will have to go to a referendum question, put it before the voters to be able to borrow that money. Have you anticipated what happens if the voters say no? Have you looked at what the recourse for that school board would be? And here is my concern: As a Commonwealth we have, as a legislature we have set some standards – No Child Left Behind, a Federal government mandate, more or less – but we have said we must adequately educate every student. We have also set guidelines from the State on classroom size and said, you should not have 30, 40 students in a classroom. But if the electorate says no to that bond issue, school districts will be faced with a real possibility of laying off teachers or not hiring new and increasing classroom size.

So the recourse, in my mind, is that that school board will go to Commonwealth Court and ask the court to step in and make a ruling, and I believe they will do that under Article III of our Constitution, because basically, under Article III, "Public school system. The General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth." So I suppose that will be the recourse for the school board – to go to the court.

Here is what my concern really is: We are saying that we are going to put the power in the hands of the people, the electorate, to decide on their tax increases for school construction instead of that 9-member elected school board, who is elected from their peers from within their same geographical area. And we may have a Commonwealth Court judge who runs for election once, stands for retention once every 10 years, and does not even have to live in that school district, deciding what tax and what tax rate will be imposed upon those taxpayers in that district. Now, have you considered that, and am I totally missing the point? Is that not, in reality, what we are looking at?

Mr. ROHRER. Mr. Speaker, I would not say that the concern is totally without merit at all. I am not saying that. But what I believe will happen and what we believe will happen and the school boards that we have talked with believe will happen is this: We now have a very real problem. Your districts, my districts are alike. We are paying a heavy tax load. We are growing districts. Our people cannot afford the \$3,000 and \$4,000 and \$5,000 and \$6,000 and \$10,000 a year in property tax.

Where does that school district go now when they need to do something more? Your people are being broken, and the backs of my people are being broken. The elimination of the school property tax and taking that \$4,000 and \$5,000 and \$10,000 a year property tax burden off of our people will put them in a

position where they will be more inclined to pass an EIT (earned income tax) or a PIT (personal income tax) to fund a specific project for the district. Right now there is no place for them to go. Most districts that I have talked with about this say that if the property tax is gone, they actually would feel fairly positive about getting approval for a new building, but with the voter approval. I would submit that the voters are probably not going to approve the fancy pools and Taj Mahals, but that is good. That is an appropriate thing.

The other thing is that the school district is not without assistance in the procuring of new debt. The school finance authority, which is a part of this legislation, has the responsibility to help those districts when it comes time to borrow for a new project by offering really one of three different options. One is this – and this is a significant financial piece in this legislation – one is that the operating fund, the Commonwealth, would float a bond issue statewide at the lowest possible rate. Districts, if your district or my district would need to opt into it, they could ride on that bond issue for the lowest rate. The school finance authority, under this legislation, actually begins to establish, essentially, a prepaid fund for construction costs. The debt that is rewritten, that is assumed, those debt payments become a part of what we pay up here. As they are paid off, those dollars are put into a fund for the purpose of helping to provide funding for school districts who need assistance. The building authority, if they chose to, could even offer a zero – or interest-free loan to districts. The point there is that knowing that we have districts across this Commonwealth who are growing and need buildings – and we have a tremendous amount of deferred maintenance of our districts across this Commonwealth – how in the world do they pay for that? The intent here is to provide financial assistance at the lowest possible cost, and some years down the road to provide actually interest-free loans to districts. At the same time, the districts have had the property tax taken off of the taxpayer, and I think and many people think that they, in fact, would be inclined to support a clearly identified needed project within that district.

Mr. MILLER. Thank you, Mr. Speaker.

That concludes my interrogation. Thank you.

The SPEAKER. Representative Thomas.

Mr. THOMAS. Thank you, Mr. Speaker.

I am going to make this kind of quick. May I interrogate the author of the amendment?

The SPEAKER. The gentleman, Representative Rohrer, indicates he will stand for interrogation. Representative Thomas is in order and may proceed.

Mr. THOMAS. Thank you, Mr. Speaker.

Mr. Speaker, I gathered not all but a pretty lengthy conversation that you were having about how your amendment would impact Philadelphia County or as you referred to it as the first-class county. And I thought that your comments were kind of poignant, so much so that I am almost compelled to ask you, have you talked to the School Reform Commission in Philadelphia County?

Mr. ROHRER. Not me personally, directly; no. In some years in the past when we were beginning this, there had been some discussion in a general sense. Of recent, the answer is no.

Mr. THOMAS. Okay. Have you talked to the Mayor's Office of Philadelphia County?

Mr. ROHRER. Not the new mayor. Again, not me directly. Although I would say that I know of people who have been

working who have had some contact during the campaign with the mayor.

Mr. THOMAS. Have you talked to the chief financial officer—

Mr. ROHRER. I have not, sir.

Mr. THOMAS. —for the city of Philadelphia?

Mr. ROHRER. I have not.

Mr. THOMAS. Okay. I guess my last question would run to, you know that any sales tax increase would be aggravated in counties like Philadelphia and Pittsburgh since they already have the highest sales tax levels of any other place.

Mr. ROHRER. That is why we are not intending to go up with the rate for that very reason. You are correct.

Mr. THOMAS. Thank you, Mr. Speaker.

But, Mr. Speaker, I think that, at least in my case representing Philadelphia County, the real—

The SPEAKER. Has the gentleman finished his interrogation?

Mr. THOMAS. Yes, Mr. Speaker.

The SPEAKER. The gentleman is in order and may proceed.

Mr. THOMAS. Thank you.

Mr. Speaker, I am extremely concerned about education in Pennsylvania, but more importantly in Philadelphia County. And to that end, to offer an amendment and/or a bill that would drastically impact how property taxes and school taxes are assessed, distributed, and ultimately applied to public education in Philadelphia County, I think at a minimum – at a minimum – someone should have picked up the phone and talked to Philadelphia County about how this proposal would impact the quality of education in Philadelphia County. And to do less than that, Mr. Speaker, makes me troubled as to what the proposal is really all about.

There are over 33 distinct languages in the Philadelphia school system. Financing is a big issue and how those dollars are ultimately applied is even more complicated, and so to that end— And I acknowledge, as the speaker has acknowledged, that Philadelphia situation is the only one of its kind in the Commonwealth of Pennsylvania. So to that end, it is extremely troubling that we would advance a proposal that would impact Philadelphia County in such a way and not bother to pick up the phone or drop a note to hear from the people in Philadelphia County, especially those who have responsibility for dealing with this issue, and I just wanted to put that on the record.

The SPEAKER. Representative Metcalfe, for the second time.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, I have a printout that was available from the Department of Education's Web site that details the debt that the school districts across Pennsylvania are carrying. And it had been mentioned earlier today that the debt was in the \$24 billion range. This printout covers the '05 to '06 timeframe.

Mr. Speaker, I think it is very important to members across the State of Pennsylvania, especially in western Pennsylvania where we have so often seen so many, so much of our tax money being taken and sent to other areas of the State, especially Philadelphia. Mr. Speaker, the last thing that any constituent in western Pennsylvania would want to hear is that a western Pennsylvania legislator voted to take care of over \$3 billion of debt for the School District of Philadelphia – over \$3 billion, Mr. Speaker. As I look through this chart, Mr. Speaker, and just from knowing the population of the Philadelphia School District, it would have already been a

logical conclusion to believe that they would have the largest debt, but I do not believe that the members would have known, without looking it up, that they have over \$3 billion of debt as of 2005-2006. So you can only assume that that would be a little higher now.

So, Mr. Speaker, I think this is a great concept as far as eliminating property tax, but it is being done the wrong way. I know a lot of work has been put into this, but putting a lot of work into something does not always end up giving you the results that you want, and I do not believe that this legislation is going to give the majority of Pennsylvania taxpayers the results that they want. I do not believe that the majority of Pennsylvania taxpayers would like to have to pay for any other school district's debt than their own. And most school district taxpayers would probably argue that their own school districts should not be incurring as much debt as they do, but they certainly would not want to pay another school district's debt, especially western Pennsylvania taxpayers or across the T-section, that would not want to put more money into Philadelphia – over \$3 billion worth of debt, Mr. Speaker; \$3 billion.

As I said, Mr. Speaker, I think that when the details of this come out, the people will detest this legislation as much as they detest the legislative bonuses, Mr. Speaker.

Thank you, Mr. Speaker.

#### LEAVE OF ABSENCE CANCELED

The SPEAKER. The Chair recognizes the presence of Representative Hennessey on the floor. His name will be added to the master roll.

#### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes the majority leader, Representative DeWeese.

Mr. DeWEESE. Thank you very much, Mr. Speaker.

I will keep my remarks exceedingly brief. I just want to make two quick points. I think many times our debates are enhanced when we go back home in our commentary. The two major reasons I will be counterpoised against my good friend from Berks today come from Harry Readshaw's debate yesterday and from debate from Ms. Harper earlier today.

Number one, my Republican colleagues for many years have been against the inheritance tax. They have called it the death tax. I think the Rohrer amendment could conceivably be a death-tax amendment. I think that if you go back to Greene County and talk to Chuck Behm at the Behm Funeral Home or over at the Milliken funeral facility or go down to talk to John Maykuth over in Masontown, and tell them that not only are their services going to be taxed but their vaults are going to be taxed, their caskets are going to be taxed, and if there is a probate dynamic at the end of that unhappy moment, the lawyer fees will be taxed.

I just cannot think that amongst the tens and tens and tens of very good reasons that people have come to the microphone today to counter the honorable gentleman from Berks, preeminent in my thought process is I want to look at this as an additional death tax or a series of death taxes.

Second and finally, in Greene County we are anticipating a new Wal-Mart. It will be our first Wal-Mart, and if you flew

over Greene County in a helicopter and looked down at the site, they ripped the top of a hill off, leveled it with those magnificent and mighty machines of our modern world, and have created a splendid, and to use the vernacular, a gigantic setting for this new Wal-Mart. And to think that my good friend from Berks, the honorable gentleman who has crafted this amendment, would not tax these acres and acres and acres and acres of business development is just unacceptable.

So I rise – and I am keeping my word, I am taking my seat in 30 seconds – to oppose the Rohrer death tax amendment, and I still think that, God bless Wal-Mart, they should be paying taxes on that big, big piece of real estate on top of that hill in Greene County. But I do laud the gentleman's stick-to-itiveness and his enthusiasm to attack the problem. I just think that this avenue of advance is not accurate.

Thank you, Mr. Speaker.

The SPEAKER. Representative Geist.

Mr. GEIST. Thank you very much, Mr. Speaker.

Would the leader stand for a brief interrogation?

The SPEAKER. The leader indicates that he will. Representative Geist is in order and may proceed.

Mr. GEIST. Can we take that on our side that you are announcing you are going to be a greeter at the new Wal-Mart?

Mr. DeWEESE. Naturally, I love the repartee, and I do not have anything as a riposte concocted in my brain, but I am very, very anxious to be greeting people at the Wal-Mart for years and years to come as the State legislator from Greene County.

The SPEAKER. It is a custom, as a courtesy of the Chair, to recognize the prime sponsor of the amendment and the bill last.

Is there any other member seeking recognition?

The Chair recognizes Representative Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, before I give my final comments on this proposal, let me first commend Representative Rohrer for his steadfast advocacy in advancing a plan that he truly believes in. And in that advocacy he has, in my judgment, helped to advance the debate on property tax reform. He has helped to keep this issue on the front burner in the legislature, and I want to commend him, his colleagues here that support his plan, and his advocates out across Pennsylvania, even though I believe this plan is fundamentally flawed.

This odyssey began about 4 years ago with the introduction of legislation, and it is ending here with this vote today. Initially, this plan would have imposed a 4-percent gross receipts tax on every transaction, on every purchase of every good and service. It later morphed into a 4-1/2 percent sales and use tax on almost everything, but there were some exclusions, and a realty transfer tax that then morphed into a 5-percent sales and use tax with even more exceptions, and a realty transfer tax as well. Then it became a 6-percent sales and use tax with no PIT and no realty transfer tax.

The plan that we are looking at today, this umpteenth incarnation of this plan, has a 6-percent sales tax on an extraordinarily broad base of goods and services that have never been taxed in this State, and a 3.92 level of personal income tax, and the realty transfer tax is back in this plan now. I only point that out so that members, especially the newer members, understand that this has been a 4- or 5-year plan that has constantly changed – constantly changed. It is hard to get a clear fix on what this plan does and does not do because the details of it always change. And make no mistake about it, the devil is in the details, and this 112-page amendment contains a lot of

devilish details. There are a lot devilish taxes that are going to be placed on Pennsylvania if this is passed into law.

One of the, I think, most inequitable things in this plan that this incorporates is the State will assume, under this amendment, the entire \$24 billion of debt that has been incurred by our 501 public schools across Pennsylvania. Now, I do not think that that is fair, and let me give you an example why: I have a school district that is in a financially distressed city. This school district, at one time, was financially distressed and academically distressed, and it is largely that way because of a declining industrial business tax base. It is an older industrial community. That school district, 2 years ago, talked to their engineer about making renovations and additions to their building, and guess what? They came back and realized they just cannot afford it. They desperately need to upgrade and modernize their facilities, but they cannot afford it. So they could not incur the debt. They could not float a couple of million dollars bond because they lack the local revenues to support it. Meanwhile, there is another school district not too far away; it floated bonds. They even spent a couple million dollars on building athletic facilities. Is that not nice that they could do that? But under this plan, the Commonwealth's taxpayers are going to pick up the tab for everybody. Those school districts were able to spend and build monumental facilities, some of them extravagant, yet other poorer school districts have not been able to build their facilities because they have not had the tax base. They have been pinching pennies. So this rewards the spendthrifts and penalizes the penny pinchers in school districts across the Commonwealth. I do not think that that is fair that the State unilaterally assumed that \$24 billion in debt.

I also want to point out that, under this amendment, you will totally shift the cost of public education onto the State, yet the school districts will continue, will continue to set budgets, negotiate contracts, hire personnel, incur all these increased costs, and pass them on to the General Assembly and to the Commonwealth.

Well, under this plan it essentially shifts the cost of public education onto the Commonwealth, but it does not contain the costs. It means that we would be responsible for coming up with more tax revenue every year because they would be the ones setting the budgets and conducting the spending. We would not control the spending. They do. How long do you think that would go on until we start looking at this and saying this does not make sense? If we are paying for everything, we should control how that money is spent, and especially given the fact that, under this amendment, there is something called – and I will admit I do not understand the details of this – data-driven decisionmaking, a data-driven decisionmaking process, as if we could just program all the data into a matrix in a computer, and it will tell us how to spend money in that school district. If we do that, tell me then why we need 501 school boards? If we are going to go to this brave new world where the numbers are crunched through a computer and tell us what to do, at some point in time we have got to ask ourselves, what is the relevancy of school board members and school districts across the Commonwealth? Do we really need 501 school districts if we, at the State level, are totally funding it? That question is going to be addressed – would have to be addressed – if this amendment were to become law.

Mr. Speaker, I also want to point out that there is no adequate economic analysis of this amendment. This amendment, if you read the fiscal note, in order to determine

how much revenue will be generated by taxing the various goods and services, relies on estimates from the Governor's budget book on tax expenditures. And while I think the department does a reasonably credible job at calculating that – they do the best that they can given the data and information that they presently have – but how, how, for example, could you predict how much revenue would come in by taxing, for example, memberships at YMCAs or exercise clubs? When they have never been subject to the sales tax, how could we actually project what that would bring in? Those numbers and the Governor's tax expenditure budget section of the State budget that he prepares that we will see next week, it is very inexact and it is not meant for us to be basing \$17 billion of tax shifting on that particular document.

Mr. Speaker, I also want to point out again it is a \$17 billion tax shift. And just so that you understand how significant that really is, look at our existing State budget. We collect, in this State this year, about \$27 billion of State taxes, \$27 billion to fund the entire operations and programs supported by our Commonwealth. Of that, the largest portion comes from the personal income tax. Our present rate of personal income tax is 3.07 and generates about \$10.7 billion, but we need \$17 billion in 2010-2011, under this plan. So you would have to more than double the State PIT to get there, and that still would not be enough.

The sales and use tax this year is scheduled to generate \$8.5 billion. That is 6 percent on the existing tax base. That is what it would generate, \$8.6 billion. But we need \$17 billion. Just so you understand the sales tax section of this, picture taking the sales tax from 6 percent to 18 percent. That is the amount of services – but we are not doing that – but that is the amount of services that are going to have to be taxed at the 6-percent level to generate the revenue to fund this plan.

Also, as I pointed out, the devil really is in the details. It really is in the details. This plan, this plan will tax practically everything from day care to death, and almost everything that happens in your life in between will be subject to the sales tax. I think there is just too much uncertainty and unpredictability about what that will mean for Pennsylvania's economy and what that means for funding public education in the Commonwealth.

Mr. Speaker, we have heard— And let me make this point as well, this plan does not add up. The majority Democrat Appropriations Committee, if you look at the fiscal note, this plan is \$2.9 billion out of balance. It is not balanced. The revenue that this amendment says will be collected will be short \$2.9 billion. A couple of years ago when the Republicans had the majority in the House, this plan was considered then and the Republican majority did a fiscal analysis of this plan a couple of years ago, and guess what? It was also \$7 billion out of balance. And at that point in time the Revenue Department looked at the amendment and did an analysis, and they, too, found that it was several billion dollars out of whack, out of balance.

Mr. Speaker, just saying something, even if you say it a lot, does not make it so. This plan is out of balance. It does not work. It does not provide the revenues that it claims to provide, and it certainly, it certainly will hurt support for public education.

Mr. Speaker, in the end, in the end, for me, I grew up being taught some important lessons by my family, my parents, and other important people in my life, and there is an old saying that goes like this: If it sounds too good to be true, it is probably because it is too good to be true. This plan sounds good, but it is

not good tax policy, and it will not provide adequate and appropriate support for public education.

Please vote "no." Thank you.

The SPEAKER. The Chair recognizes Representative Rohrer, for the second time.

Mr. ROHRER. Mr. Speaker, we have spent many hours now on this amendment that deals specifically and for the first time with an honest and vetted attempt to put our hands around the issue of how we fund public education, to grab the problems by the horns and say, let us no longer walk away and play games. Let us do something historic in this House, for once, and put ourselves in a position of being the leaders in the nation. We have that opportunity.

The speaker from Allegheny County – we just heard from him an impassioned recitation of why we should not consider this amendment, but it is important for everyone here to remember, because I think we have all heard these arguments over and over again, I have heard a lot of reasons why we do not want to do this. We were reminded that changes that this plan has undergone in the last few years, as example, are examples of why it is not good. Frankly, to the contrary, it is a demonstration of the fact that those who have been working so hard have, in fact, listened to debate here on this floor as well as those on the outside.

Some statements have been made that have not been correct. The transfer tax was mentioned, as an example. The transfer tax is not added back into this bill. That is not true. The fact that we are assuming all \$24 billion in debt, we have covered that by multiple people. That is also not true. We have heard complaints that if this is implemented, that the voters of this State, once they really find out the details, will be furious with us. I dare submit to each and every member of this House that that is absolutely not possible.

What is it that our voters want? What are we here to talk about? My colleague mentioned we have made changes. We have, on the things that have been addressed. We have made policy changes to reflect the latest in taxation policy. We have made changes to reflect what has happened in other States to learn from their efforts. But I will say, Mr. Speaker, one thing that has not changed in our efforts, not changed at all is the commitment to the elimination of the school property tax so that we can put homes back in the ownership of the people who are paying the taxes. Mr. Speaker, that has not changed. And how we choose to make the mix – which taxes – that is a balancing act. This is a financial game, Mr. Speaker. This is all finances. It is dollars and cents. That is why we are here. We are here to talk about dollars and cents and policy.

This represents good tax policy that is defensible against all charges. We can talk about we fear the change. Let us talk about fear then. We do not have the luxury to walk away and say we fear a change. I do not think anybody sitting here has the ability to go back home and say we feared a change because it was too big, or because I was not quite sure about one of these details or one of those details. This is the biggest thing this House has ever discussed. Even your own majority whip properly, on occasion, said this would be the most historic piece of legislation to pass this House. He is correct, because it is. It is a big issue. You are talking billions of dollars. You are talking 501 school districts. You are talking all of our households across our Commonwealth with senior citizens and the poor and the middle income who are all, to one degree or another,

laboring under the taxes that increase year after year after year, and I say, is that fair?

A comment was made about a death tax. Death tax? The school property tax is taking people to their grave, both in their spirit and in their will, and it is taking them to their grave, all of them, much poorer than they need to be.

I would suggest since we are in a technological age – you all have computers in front of you, open up your computers. I encourage you to go to a Web site right now. Go to [www.ptcc.us](http://www.ptcc.us) – ptcc.us – and bring up on there an interactive calculator that will tell you how much every one of you will save by the passage of this legislation. And it will tell you and allow everyone in your district to tell you how much that you will save under the passage of this legislation and how much sales tax will be paid by a household. Mr. Speaker, it is just not right that members of this House stand and make a claim that the sales tax is going to break the bank and send people into foreclosure. Really?

Let us look, for example, at a low-income person, senior citizen. Let us take this, a family of four. Let us take a family of four, \$20,000 income, that paid \$2,000 in property tax. They will pay \$220 a year in sales tax because the broadened base that we are talking about here, Mr. Speaker, does not affect the poor and it affects very little of the senior citizens. The broadened tax base affects the wealthy. So folks stand up here and express concern for the poor. Doing nothing condemns the poor in your district, condemns the poor in your district to perhaps losing their home.

And do I need to remind anyone here today that in Washington, as we speak, the Congress is talking about several hundred billion dollars in emergency aid for the people of this nation to keep some from going into foreclosure, to help others pay off some debt, to keep us out of a recession? And under the passage of this amendment, you will put— Bring this up and look. Do you mean to tell me that you are willing to take away putting \$2,000, if that is what a person's property tax is, in their pocket in exchange for \$200 in increased sales tax? Do you mean to tell me that you are thinking about the poor or the needy or the senior citizen? That is not thinking of the poor and the needy. That is protecting a special interest; that is protecting the status quo. That does nothing when your folks find out what they could have had, and we talk about what we may give them back under Act 1 – \$60 to some people; under a full-fledged HB 1600, \$150. Whom are we trying to convince ourselves we are trying to serve? How can I put \$60 on one hand and 100 percent of my property taxes on the other – \$2,000 compared to \$200, or a rebate under HB 1600 of \$100. How in the world does that compare? It does not compare, not unless we really do not want to put our homeowners back into their homes.

We have an opportunity to help the way we fund our schools. We have got districts that are going into financial distress. What are we doing? None of the plans we are talking about do anything to address that. We do. None of the plans address equity needs. Ours does. This is comprehensive reform. It puts the ownership of our homes back into our people's hands.

I just received a letter from two of the largest realtors in the western part of the State who have said, read this to the House. This change, not a partial reduction, but a change under this amendment will turn around the housing market in Pennsylvania. I have a letter from a banker that says the same thing and from a mortgage company that says the same thing.

They are down in Washington talking about what a \$600 credit will do for a household when we are here talking about \$3,000, \$2,000, \$5,000, \$10,000 – whatever your property tax is you are paying, fill in the blank. And if they think that they can get some kind of economic stimulus from \$600 per household, how much more can we do for the people of this State and the economy of Pennsylvania by returning to them the thousands of dollars that they are paying plus the peace of mind of knowing that they might just be able to stay in their home and have to stop thinking about moving and selling?

Mr. Speaker, there obviously is a lot more that could be said, but I think we have heard most of what we need to hear today. This legislature, all of you freshmen who came, all of the other members who have been here longer, every one of you who have talked to people in your districts – go ahead and put a face on it. You all, we all can recall people with whom we have talked. I have letters from people who are 80 years old and 85 years old. One fellow, his wife is in the hospital. Her medical expenses, her prescription drugs are \$1,000 a month to keep his dear wife alive. A home that he built 40 years ago, he is paying \$10,000 a year on his property tax. Why should that man be forced, at a time in his life when he is caring for his wife who is dying, to have to think about selling his house in order to come up with the money to pay the bills? But you can take that example and relate it over and over and over and over again.

Are we going to move this issue forward? Are we willing to send to the Senate the message that we want elimination? Modify some of what we have, but at least the framework is there. Do we want to send that message to our voters? I do. Will it take some courage? The answer is yes.

Two more comments and then I am going to close. But I ask us to be serious, Mr. Speaker, because this is serious. We have heard a lot of reasons, many of them not true at all, about why we should not move forward on this legislation, but at the end of the day, what is really the fear? Is the fear putting thousands of dollars in the pockets of our homeowners? Is that a fear? I hope not. I know I have talked to some members of this House who do not really want to change from the current status quo and so the arguments just become creative. We will just make another argument. Is it that we do not want to change the current status quo because it will make this legislature more accountable? Because the passage of this will make this legislature more accountable.

You know, the straw man argument that exists now and has for a long time is very convenient. We blame high taxes on the school boards. The school boards blame us for unfunded mandates and for not providing a greater share of public education costs. At the end of the day the fingers go like this, the years go by, the taxes increase, and we become increasingly more burdened and our homeowners become more stressed. Do we want that to continue? We have got to change that.

Some say this is a big issue; this is big, and I am afraid of it. Well, Mr. Speaker, we were not sent here to be timid. I do not think any of us were sent here with the idea that this job is a cakewalk. We are sent here to deal with very responsible things, and this is number one.

I think of this famous quote. It applies here. We are here in this body at this time for perhaps such a time as this. This is elimination and the closest opportunity we have ever had to fix the problems. Will we do it? Are we going to revert and settle for more Band-Aids? Mr. Speaker, if not now, when? And if not us, who? It applies to this.

I ask for a positive vote, a positive message for the homeowners of this Commonwealth, a positive vote for being responsible to fix this problem, a positive vote to pass this amendment.

Thank you, Mr. Speaker.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

#### YEAS—47

Argall	Fleck	Mackereth	Reichley
Baker	Gibbons	Mahoney	Roae
Barrar	Gillespie	Mantz	Rock
Bastian	Godshall	McIlhattan	Rohrer
Boback	Goodman	Mensch	Santoni
Caltagirone	Harris	Miller	Schroder
Cox	Hennessey	Moyer	Seip
Creighton	Hershey	Mustio	Stern
Denlinger	Hornaman	Perry	Swanger
DePasquale	Kauffman	Phillips	Vereb
Ellis	Keller, M.	Pickett	Yewcic
Fairchild	Kessler	Quigley	

#### NAYS—148

Bear	Gerber	McI. Smith	Sainato
Benninghoff	Gergely	Melio	Samuelson
Bennington	Gingrich	Metcalfe	Scavello
Beyer	Grell	Micozzie	Shapiro
Bianucci	Grucela	Millard	Shimkus
Boyd	Haluska	Milne	Smith, K.
Brennan	Hanna	Moul	Smith, M.
Brooks	Harhai	Mundy	Smith, S.
Buxton	Harhart	Murt	Solobay
Cappelli	Harkins	Myers	Sonney
Carroll	Harper	Nailor	Staback
Casorio	Helm	Nickol	Stairs
Causer	Hess	O'Brien, M.	Steil
Civera	Hickernell	O'Neill	Stevenson
Clymer	Hutchinson	Oliver	Sturla
Cohen	James	Pallone	Surra
Conklin	Josephs	Parker	Taylor, J.
Costa	Keller, W.	Pashinski	Taylor, R.
Cruz	Kenney	Payne	Thomas
Curry	Killion	Payton	True
Cutler	King	Peifer	Turzai
Daley	Kirkland	Perzel	Vitali
Dally	Kortz	Petrarca	Vulakovich
DeLuca	Kotik	Petri	Wagner
Dermody	Kula	Petrone	Walko
DeWeese	Leach	Preston	Wansacz
DiGirolamo	Lentz	Pyle	Waters
Donatucci	Levdansky	Quinn	Watson
Eachus	Longietti	Ramaley	Wheatley
Evans, D.	Maher	Rapp	White
Everett	Major	Raymond	Williams
Fabrizio	Manderino	Readshaw	Wojnaroski
Frankel	Mann	Reed	Youngblood
Freeman	Markosek	Roebuck	Yudichak
Gabig	Marshall	Ross	
Galloway	Marsico	Rubley	O'Brien, D., Speaker
Geist	McCall	Sabatina	
George	McGeehan		

#### NOT VOTING—0

#### EXCUSED—8

Adolph	Bishop	Evans, J.	Siptroth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

### HOUSE SCHEDULE

#### JUDICIARY COMMITTEE MEETING

#### DEMOCRATIC CAUCUS

#### RULES COMMITTEE MEETING

The SPEAKER. The Chair recognizes Representative McCall.

Mr. McCALL. Thank you, Mr. Speaker.

The SPEAKER. May we have the attention of the members for an announcement, please.

Mr. McCALL. Brief announcements on schedule.

On behalf of Representative Caltagirone, there will be an immediate meeting of the House Judiciary Committee in room 205 of the Ryan Office Building.

The Democrats will caucus at 1:45.

The Rules Committee will meet at 2:30 in the majority caucus room.

We will return to the floor at 2:45, and we will be greeted by the Israeli Consul General at that point at 2:45.

The SPEAKER. The Judiciary Committee will meet immediately in room 205 in the Ryan Office Building, and the Rules Committee will meet at 2:30 in the majority caucus room.

#### REPUBLICAN CAUCUS

The SPEAKER. Representative Major.

Miss MAJOR. Thank you, Mr. Speaker.

I, too, would like to call a Republican caucus for 1:45. I would like all Republican members to please report to our caucus room at 1:45.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the lady.

Are there any other announcements?

#### ANNOUNCEMENT BY MRS. GINGRICH

The SPEAKER. If the members will stay for one moment, Representative Gingrich has an important announcement.

Mrs. GINGRICH. Thank you, Mr. Speaker.

Thank you for labeling it as important, because it is.

We have a few minutes here, and I know that we are running from place to place maintaining the important business of the caucuses. However, we have an opportunity for you today to participate in our fifth annual blood donor duel, Republicans against Democrats, and in this case we are all together in donating blood and saving a life in the simplest manner.

The Central Pennsylvania Blood Bank is downstairs in room 60. If you have not had the opportunity to donate yet, they will be there till 4, and my colleague from Montgomery County, Representative Daylin Leach, and I donated first to lead the cause today. Neither one of us even flinched, so I am counting

on every one of you to get out between now and when we return.

Thank you, Mr. Speaker.

The SPEAKER. Is there any debate as to whether Representative Daylin Leach flinched?

Representative Leach.

Mr. LEACH. Mr. Speaker, I came to this chamber promising my constituents I would be honest with them at all times. The fact is I not only flinched, I wept openly and called out for a number of my parents.

But let me say this, on the Democratic side of the aisle I hear we are slightly behind. So we need to get down there and we need to give blood. Give 1, give 2, give 3, give 4 pints if you have to, because we need to catch up, and this all goes for a good cause. So please go down there now.

Thank you, Mr. Speaker.

The SPEAKER. How many parents does the gentleman have?

Mr. LEACH. That is the subject of some conjecture here, Mr. Speaker. We will discuss that later.

The SPEAKER. Are there any further announcements?

### RECESS

The SPEAKER. This House will stand in recess until 2:45.

### AFTER RECESS

The time of recess having expired, the House was called to order.

### HOUSE RESOLUTION INTRODUCED AND REFERRED

**No. 568** By Representatives DePASQUALE, YUDICHAK, CAPPELLI, BELFANTI, BLACKWELL, BOBACK, CALTAGIRONE, CURRY, DALEY, FREEMAN, GEORGE, GINGRICH, GOODMAN, HENNESSEY, HERSHEY, HORNAMAN, KIRKLAND, KORTZ, LONGIETTI, McILVAINE SMITH, MELIO, MYERS, NAILOR, PALLONE, PASHINSKI, PETRONE, READSHAW, SHIMKUS, SIPTROTH, STURLA, SWANGER, THOMAS, WANSACZ and YOUNGBLOOD

A Resolution directing the Legislative Budget and Finance Committee to study and make recommendations for the establishment and administration of a voluntary, opt-in Statewide system for health care and other employment-related benefits, including and excluding pensions for purposes of comparison, for uniformed and nonuniformed employees of local government units.

Referred to Committee on LOCAL GOVERNMENT, January 29, 2008.

### HOUSE BILL INTRODUCED AND REFERRED

**No. 2207** By Representatives MOUL, DePASQUALE, ARGALL, BAKER, CALTAGIRONE, FRANKEL, GEIST, GINGRICH, HARHAI, JAMES, KULA, LONGIETTI, R. MILLER, MURT, D. O'BRIEN, PYLE, RUBLEY, SEIP, SIPTROTH, SURRA, THOMAS and YOUNGBLOOD

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, providing for the education registration plate; establishing the Technology in Education Fund; and providing for the distribution of annual use fees received from the registration of the education registration plate.

Referred to Committee on TRANSPORTATION, January 29, 2008.

### BILLS REPORTED FROM COMMITTEE, CONSIDERED FIRST TIME, AND TABLED

**HB 1104, PN 1334**

By Rep. CALTAGIRONE

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, further providing for notice of election of tort options and for definitions.

JUDICIARY.

**HB 1510, PN 1865**

By Rep. CALTAGIRONE

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, further providing for election of tort options in financial responsibility.

JUDICIARY.

**HB 2127, PN 3031**

By Rep. CALTAGIRONE

An Act providing for quarterly advance payments made by the Department of Public Welfare to a county for reimbursement of expenditures related to children and youth; and making a related repeal.

JUDICIARY.

### BILL REPORTED FROM COMMITTEE

**HB 1319, PN 1624**

By Rep. CALTAGIRONE

An Act amending Titles 18 (Crimes and Offenses) and 75 (Vehicles) of the Pennsylvania Consolidated Statutes, further providing for the offense of scattering rubbish, for the acknowledgment of littering provisions at time of application for learner's permit or driver's license and for the offense of depositing of waste and other material on highway, property or waters.

JUDICIARY.

### BILL REREFERRED

The SPEAKER. The Chair moves, at the majority leader's request, that HB 1319, PN 1624, be rereferred to the Committee on Environmental Resources and Energy.

On the question,

Will the House agree to the motion?

Motion was agreed to.

### BILLS ON CONCURRENCE REPORTED FROM COMMITTEE

**HB 1109, PN 2984**

By Rep. DeWEESE

An Act amending Title 30 (Fish) of the Pennsylvania Consolidated Statutes, further providing, in fishing licenses, for nonresident and

tourist licenses, for one-day resident fishing licenses, for issuing agents and for license, permit and issuing agent fees.

RULES.

**HB 1621, PN 2980**

By Rep. DeWEESE

An Act authorizing the Department of General Services, with the concurrence of the Department of Environmental Protection, to lease to VTE Philadelphia, LP, or its nominee, land within the bed of the Delaware River in the City of Philadelphia; and affirming the authority of the General Assembly to enact certain conveyances.

RULES.

**HB 1627, PN 2981**

By Rep. DeWEESE

An Act authorizing the Department of General Services, with the concurrence of the Department of Environmental Protection, to lease to NCCB Associates, LP, or its nominee, land within the bed of the Delaware River in the City of Philadelphia; and affirming the authority of the General Assembly to enact certain conveyances.

RULES.

The SPEAKER. These bills will be placed on the supplemental calendar.

**KIMBERLY HICKEY INTRODUCED**

The SPEAKER. The Chair recognizes Representative Civera for an announcement.

Mr. CIVERA. Thank you, Mr. Speaker.

Mr. Speaker, I have a guest from my legislative district, Kimberly Hickey, who is a senior at Penn State Brandywine Campus in Delaware County. She is up with her dad today, Tom Hickey, who is a very personal friend and a personal friend of the Delaware County delegation.

On Saturday, May 10, 2008, Penn State Brandywine, formerly known as the Penn State Delco Campus, will have a reception for their 40th anniversary – 40 years of being in Delaware County. At that reception there will be a silent auction where they will auction off the Penn State lion, which Kimberly and some of her classmates have put together. It is a very attractive lion that was over by the Senate today, and all the members of the Senate signed it. Presently, I think the Governor is signing it at the moment and the Lieutenant Governor, and it will be in the back of our chamber by the mailbox. If the members on both sides could go back and sign it, this will raise money for an event to give a scholarship to students that are going to go to Penn State.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentleman.

The Chair requests that all members report to the floor immediately.

**RONALD L. BACHMAN PRESENTED**

The SPEAKER. The Chair asks that Representative Hickernell come to the rostrum, please.

Members and guests will please take their seats. Conferences will break up.

The Chair recognizes Representative Hickernell.

Mr. HICKERNELL. Thank you, Mr. Speaker.

I am pleased to stand before you today to honor one of our own, a longtime employee and good friend, Ron Bachman, who is standing behind me today with his wife.

As most of you know, Ron is retiring today after 22 years of faithful service to this House of Representatives. Known to many of us as Bacho, he served as our House Custodian for about the last 20 years.

As a Republican staffer back in the mid-nineties myself, I got to know Ron, and I consider him a very good friend. Always positive, Ron was the first person to greet us when we walked onto the floor of the House. I have never heard him complain, never heard him say a bad word about anybody.

One thing I will always remember about Ron, when I would ask him occasionally, "How are you doing, Ron?" he would always say, "I'm blessed, brother. I'm blessed." Ron, I think we were all blessed by getting to know you and having you serve with us for these past years, and I thank you so much for giving us part of yourself for all these years. Thank you so much.

Congratulations on a well-deserved retirement. As I said, Ron's wife is joining us today, Jackie, and let us recognize her also.

Thank you very much.

The SPEAKER. Ron's wife is saying that he is a preacher and we will never get him off the mike. But I agree with Representative Hickernell that Ron has indeed blessed this General Assembly with his presence and his sense of spirituality and his friendship for many years, so I think it is appropriate that we invite Ron up to say a few words.

Mr. BACHMAN. Thank you, Mr. Speaker.

Well, you may have done the wrong thing by asking a preacher to come to the mike, but I just want to truly say that 23 years have gone by so fast, and I have met so many Representatives on both sides of the aisle that I love, and they have been good friends to me. I remember the head Democrat page here, Wally, the first day I met him, and we have been friends ever since, and that has been quite a few years. And if you notice this pin that I wear, Wally gave me that many years ago, and I wear it every day.

And my first boss, Randee – where is Randee Souder? Randee was my first boss when I first came here, and I thought, oh, man, I am never going to be able to have a woman be my boss. But after a few weeks, I have always told Randee that she has been the best boss that I have ever had in this place.

And the last thing I want to mention is our prayer group that meets every Tuesday morning, Representatives and myself and Pastor Dingus. That has been a blessing here in the House. And I would say if you have a chance to join that group of people, you need to do that, because it is a great group of people. And they tell you about a friend of mine, which I will not disrespect the House here today.

But in closing, if I could wish you folks anything, I would wish you – and I am going to say it – I would wish you Jesus, because once you have Jesus, you have everything you will ever need.

Thank you very much.

The SPEAKER. As Ron left the podium, his parting words were "Praise the Lord."

And I will invite all the members, there is a cake in the back to partake and celebrate with Ron and his lovely wife.

Mr. S. SMITH. Mr. Speaker?

The SPEAKER. The Chair would like to recognize the minority leader, Representative Smith, for remarks.

Mr. S. SMITH. Thank you, Mr. Speaker.

I just wanted to pass one word on to Ron as he departs, and that is – well, actually two words probably. Actually, number one, Ron, you have always been a true friend and inspiration to everybody that has walked past you, and as Representative Hickernell noted, your constant refrain when anybody asked you was "I'm blessed." And I want to give you what I think as a Christian is one of the highest compliments that can be given to another individual, that as a Christian walking through life, you have always walked the walk and talked the talk, and you have done it with dignity, and I think that you are a testament to your beliefs.

God bless you.

### ISRAELI CONSUL GENERAL URIEL PALTÍ PRESENTED

The SPEAKER. If I could ask all members to please take their seats. We have a very special guest here today. I would ask all members to please take their seats.

This afternoon we have the honor of welcoming to the hall of the House a very distinguished guest. I have the pleasure of introducing my friend, Josh Shapiro from Montgomery County, for the purpose of this special introduction.

Mr. SHAPIRO. Thank you, Mr. Speaker.

Good afternoon, honorable colleagues.

Born in 1948 to first-generation Ambassadors of Israel, our honored guest today began a life that has been marked by service and by bravery.

Israeli Consul General Uri Palti, as a young man in Israel, was called to service in defense of his country in 1973. He served in the Lebanon war in 1982 and is a major in the Israeli Defense Forces. He served in defense of his country, and today he serves on the battlefield of peace. He comes today to us, friends, as a soldier of peace.

It is my distinct honor to introduce to you Israel's Consul General to Pennsylvania and the Mid-Atlantic States, a great friend of mine, a great friend of Pennsylvania's, and a leading representative of one of America's greatest allies – Israeli Consul General Uri Palti.

CONSUL GENERAL PALTÍ. Mr. Speaker Dennis O'Brien, ladies and gentlemen, members of the House, in the Jewish tradition, in the Talmud, in our source as it is written, "Potchim Bi'chvoda Shel Aa'Ch'Sanya," which is in Hebrew, of course. The translation is, "We are opening by praising the host," and I want to thank the host, to you, Speaker O'Brien, and to all of you for the privilege and honor that you have invited me today as the Consul General of Israel to the Mid-Atlantic Region of the United States, with my colleagues, Consul Leo Vinovezky and Nancy Goldfarb, our political liaison, with Ms. Robin Schatz from the Jewish Federation of Greater Philadelphia, and with my very good friend, Pastor Bill Devlin, a true friend of the State of Israel.

America, and specifically the Commonwealth of Pennsylvania, are true friends and allies of the State of Israel for many years. On behalf of the State of Israel, I thank you. We do not take it for granted. We know to appreciate it, and that is why we came here today.

This week we marked the Holocaust International Memorial Day that was declared by the United Nations. Israel rose from the ashes of the European Jewry Holocaust. Many survivors came to Israel. Many were saved thanks to the righteous gentiles and among them, many Jews who participated in the resistance.

America played a major role in saving the free world from the Nazis in the Second World War. We salute America.

America, as well, is playing a major role in the peace process between Israel and the Arabs, which we spoke about just recently in our lunch with the Speaker, since the seventies. This is a bipartisan policy of the United States. I was privileged to be the coordinator of the peace talks with Jordan. Representative Shapiro, you gave me the honor; you called me a soldier of peace. This is the essence of diplomacy, to try to bring peace, and I must admit that until this very afternoon, this was the highlight of my diplomatic career, to negotiate with the Jordanians.

This policy continued until those days when President Bush visited the region 2 weeks ago. Despite all difficulties, despite what is going on in the Gaza district, where rockets and mortar shells are being launched day in and day out, we will continue in the peace process.

The main reason that I am here today is to speak about the real threat to the security and stability of the free world: Iran and its dangerous regime. Iran, a member State of the United Nations, is calling to destroy the State of Israel. The President of Iran, Ahmadinejad, is calling to wipe Israel off the map, ignoring the international call to suspend its nuclear program. Iran is continuing to produce nuclear weapons.

The free world should do everything it can to stop the Iranians.

I want to praise Representative Shapiro for your leadership. I want to thank the Commonwealth of Pennsylvania for your friendship, and to thank Speaker O'Brien for the special lunch and for making us feel here today so welcome.

God bless you.

The SPEAKER. I would like to thank the Israeli Consul General on behalf of all the members of the General Assembly and the Commonwealth of Pennsylvania, and I would like to acknowledge the display of the pin that he presented to me at lunch today. It is the Israeli flag and the United States flag, which is symbolic of the joining of the relationships – the strong relationships – between our two countries. And I would like to thank the Israeli Consul General for his call to action today and for encouraging all of us to not only encourage peace but to pray for peace, and we thank you for your words of optimism here today.

And I would also like to present to you this ceremonial gavel so that you will always remember your friends in the Pennsylvania General Assembly.

(A ceremonial gavel was presented.)

CONSUL GENERAL PALTÍ. Thank you so much. Should I start the meeting?

The SPEAKER. Go ahead, start the meeting. Bang the gavel. You can do better, go ahead. Thank you very much.

## FILMING PERMISSION

The SPEAKER. The Chair advises members that he has given permission to Scott Wilson of WGAL for videotape and videotape with audio.

## CONSIDERATION OF HB 1600 CONTINUED

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. YUDICHAK offered the following amendment No. **A05393**:

Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

and the Regional Efficiency Aid Program.

Amend Sec. 101, page 1, line 9, by inserting after "Relief" and Regional Efficiency Aid

Amend Sec. 102, page 2, line 4, by striking out "The" and inserting

Except as set forth in section 1303, the

Amend Sec. 102, page 2, line 21, by striking out "The" and inserting

Except as set forth in section 1303, the

Amend Sec. 1101, page 10, line 1, by striking out "this act" and inserting

Chapters 1, 3, 5, 7, 9 and 11

Amend Bill, page 10, by inserting between lines 2 and 3

CHAPTER 13

### REGIONAL EFFICIENCY AID PROGRAM

Section 1301. Scope.

This chapter establishes the Regional Efficiency Aid Program.

Section 1302. Declaration of policy.

The General Assembly finds and declares as follows:

(1) One of the most effective ways to reduce property taxes is through the regionalization, consolidation or sharing of services by political subdivisions.

(2) Because of institutional and financial limitations on political subdivisions, regionalized, consolidated and shared alternatives have not been widely adopted, resulting in duplication of services and excess costs for taxpayers.

(3) A program of providing State aid to political subdivisions that successfully implement strategies to regionalize, consolidate and share services is an innovative and important means of providing a financial incentive to overcome the institutional limitations on political subdivisions.

(4) To overcome these institutional limitations and to ensure property tax relief, the Commonwealth should provide State aid to political subdivisions that realize budgetary savings from shared, regionalized or consolidated services and pass these savings on to taxpayers through a reduction in property tax obligations.

(5) Combining State-funded property tax relief with fiscal assistance for the planning and start-up costs associated with entering into new shared, regionalized or consolidated service agreements will serve as additional incentives for political subdivisions to take advantage of potential savings provided by way of such agreements.

Section 1303. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Department." Notwithstanding section 102, the Department of Community and Economic Development of the Commonwealth.

"Political subdivision." A county, city, borough, incorporated town, township, school district, vocational school district and county institution district.

"Program" or "REAP." The Regional Efficiency Aid Program established under section 1304.

"REAP aid." State aid provided to political subdivisions under the Regional Efficiency Aid Program established in section 1304.

"Regional service agreement." An agreement entered into by a political subdivision in accordance with 53 Pa.C.S. Pt. III Subpt. D (relating to area government and intergovernmental cooperation) or any other agreement between political subdivisions that is permitted by law.

"Residential property." A "homestead" as defined in 53 Pa.C.S. § 8401 (relating to definitions).

"Secretary." Notwithstanding section 102, the Secretary of Community and Economic Development of the Commonwealth. Section 1304. Regional Efficiency Aid Program.

The Regional Efficiency Aid Program is established in the department. A political subdivision that enters into a regional service agreement, either as a provider or receiver of services, may apply for State aid for the purpose of providing tax exclusions for residential property within the political subdivision. State aid shall be granted for each calendar year during which a regional service agreement is in effect.

Section 1305. Formula for calculation of REAP aid.

(a) General rule.—The annual amount of State aid a political subdivision is eligible to receive under the program shall be the total of the number of points accumulated for the regional service agreements of the political subdivision multiplied by \$1 per point, multiplied by the latest population of the political subdivision using the most recent State population estimates provided by the United States Bureau of the Census and multiplied by the weighting factor of fiscal stress of the political subdivision.

(b) Determination of variables.—A system for determining the number of points and weighting of fiscal stress used in the formula for allocating State aid shall be determined by the department within six months of the effective date of this section. The system shall include:

(1) A schedule of the number of points for each type of regional service agreement.

(2) The assignment of the number of points based on the percentage of the cost of the regional service in the current budget of the political subdivision, a relative value scale of the importance of the regional service, a combination of the two or such other criteria as designated by the department to provide incentives deemed necessary or appropriate.

(3) An increase in the number of points by an amount not to exceed 25% of the number provided to the recipient, to be granted to the provider of the regional service.

(4) A formula for weighting points based on a political subdivision's degree of fiscal stress.

(c) Program administration.—The secretary shall consult with the Secretary of Education with regard to school districts and vocational school districts in the administration of the program.

Section 1306. Application and award process.

(a) General rule.—The department shall establish procedures for the administration of REAP aid and provide for an application and award process that:

(1) Is consistent with the timetable and process of fixing property tax rates.

(2) Ensures that a political subdivision provides or receives bona fide regional services.

(3) Ensures that to qualify for the receipt of REAP aid a regional service agreement results in:

(i) savings of the cost of services, including any new capital expenditures, reflected as current or future budget reductions;

(ii) limits on future costs increases;

- (iii) minimizing the costs of a new service; or
- (iv) other criteria as the department may deem relevant.

(4) Provides for monitoring, oversight and enforcement.

(b) Department review.—Each year the department shall review applications and determine the amount of REAP aid for which each political subdivision is eligible. The department shall allocate aid to ensure that school districts and vocational school districts receive their share of aid based on proportion of taxes or other appropriate measure. Section 1307. Exemption from certain limitations.

Political subdivision appropriations for regional services for which REAP aid is provided shall be exempt from the limitations on appropriations under any law limiting political subdivision expenditures.

Section 1308. Duties of county tax assessment offices.

(a) General rule.—The county assessment office in which a political subdivision or subdivisions have applied to receive REAP aid shall identify property that qualifies as residential property.

(b) Information and certification provided by taxpayers.—

(1) As a condition of eligibility under the program, taxpayers may be required to provide information and certify that the property for which an exclusion is sought is residential property. The information and certification shall be in a form to be adopted by the Department of Revenue.

(2) County assessment offices may use any other informational resources to determine whether a parcel qualifies as residential property.

(3) The determination of the county assessment office as to whether a parcel qualifies as residential property may be appealed to a court of common pleas.

(c) Explanation.—Each county assessment office shall provide to political subdivisions within the county an explanation of the manner in which residential properties shall be identified. The explanation shall be included in the application.

(d) List to department.—By March 31 of each year, the county assessment office shall provide to the department a list of those properties identified as residential property, together with a certification that the county assessment office has made a good faith effort in identifying the properties.

Section 1309. Exclusion from taxation.

(a) General rule.—A political subdivision shall exclude from taxation a portion of the assessed value of residential property identified under section 1308 as follows:

(1) The department shall certify to each board of county commissioners, the Local Government Commission, the Department of Revenue, the Majority Leader and the Minority Leader of the Senate and the Majority Leader and the Minority Leader of the House of Representatives, by April 30 of each year, the amount of REAP aid due to each political subdivision for that tax year.

(2) The department shall calculate a tax exclusion rate by dividing total REAP aid by the total taxable value of residential property in qualifying political subdivisions.

(3) The tax exclusion rate shall be multiplied by the taxable value for each residential property, the product of which shall be deducted from the total taxes due, before deductions, on each residential property for the tax year. The tax exclusion rate and amount of the exclusion shall be displayed on a taxpayer's tax bill.

(b) Limitations.—The tax exclusions provided under subsection (a) shall not exceed one-half of the median assessed value of all homestead property within a local taxing jurisdiction. A local taxing authority may not increase the millage rate of its tax on real property to pay for these exclusions.

Section 1310. Payment of REAP aid.

The total amount of REAP aid shall be paid by the State Treasurer as State aid to each political subdivision in two equal installments payable on August 1 and November 1 of each year.

Section 1311. Administration.

The department shall establish a procedure for providing information to taxpayers about the REAP aid program and the amount of REAP aid for which each taxing district is eligible.

Section 1312. Duties of Department of Revenue.

(a) General rule.—The Department of Revenue shall assist in identifying residential properties and may make any additions to notices of assessments or to other forms or notices as the Department of Revenue deems appropriate.

(b) Sharing of information.—Notwithstanding any other provision of law to the contrary, the Department of Revenue may provide such information as it deems necessary to the department or to the county assessment offices in order to implement this chapter.

(c) Regulations.—The Department of Revenue may promulgate rules to effectuate the purposes of this chapter, including regulations for the identification of residential property and a requirement that taxpayers timely complete certifications or applications in order to be eligible for a tax exclusion under this chapter.

Section 1313. Regional Efficiency Aid Program Fund.

(a) Establishment.—The Regional Efficiency Aid Program Fund is established within the State Treasury and shall be a nonlapsing revolving account. The fund shall receive appropriations and repayments of loans as may be determined necessary by the State Treasurer.

(b) Administration.—Upon request of the Governor, the General Assembly shall appropriate the necessary funds to the fund for purposes of the program. The fund shall be administered by the department.

Amend Sec. 5201, page 10, by inserting between lines 12 and 13

(2) The addition of Chapter 13 shall take effect in 60 days.

Amend Sec. 5201, page 10, line 13, by striking out "(2)" and inserting

(3)

On the question,

Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Yudichak on the amendment.

Mr. YUDICHAK. Thank you, Mr. Speaker.

This amendment deals with property tax reform. The main priority of this House, and certainly I share that priority, is school property tax relief. I was proud to vote for the billion dollars in relief that we passed by expanding gaming in Pennsylvania, and I am proud to support many of the measures that we are going to discuss here today to hopefully add another billion in property tax relief to homeowners.

But this amendment is a little different. I think while we are discussing the issue of school property taxes, we cannot ignore the problem that is facing most of our municipalities in Pennsylvania. In fact, Penn State University, the Pennsylvania Economy League, and the Brookings Institution recently released studies that point out that 70 percent of the municipalities in Pennsylvania are in poorer fiscal health today than they were in 1970. That is an alarming trend.

What we need to do, in my opinion, is we need to help local municipalities. We need to help them provide the services that are important to all of our constituents — public safety, police and fire, public works, coming together through municipal cooperatives — to improve the efficiency of government, to lower the costs, and to provide tax relief to municipal taxpayers. This bill will create a Regional Efficiency Aid Program that will drive out direct property tax relief to each and every homeowner

in municipalities that embark on regionalization efforts – regional police, regional fire, other municipal cooperatives.

I ask my colleagues to support this property tax reform bill to help all the municipalities that are struggling in Pennsylvania. Thank you.

The SPEAKER. Will the House agree to the amendment? Representative Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

You know, we have a piece of legislation in front of us that can significantly reduce property taxes, and I am asking the folks not to support any of the amendments with the exception of one. Let us get a clean bill over to the Senate so that our constituency can get a decent reduction in property taxes this year.

Although I support what the gentleman is trying to do, I would support his amendment – if he put it into bill form, I would be a cosponsor. But to put it into this bill and to try to insert it into this bill will hurt the bill going over into the Senate, so I ask the members for a "no" vote.

Thank you, Mr. Speaker.

The SPEAKER. The House will be at ease.

The House will come to order.

#### AMENDMENT WITHDRAWN

The SPEAKER. The Chair recognizes Representative Yudichak.

Mr. YUDICHAK. Thank you, Mr. Speaker.

After consultation with the chairman of the Finance Committee, I am going to withdraw this amendment at this time.

The SPEAKER. The Chair thanks the gentleman.

On the question recurring,

Will the House agree to the bill on second consideration?

Mr. STEIL offered the following amendment No. **A05522**:

Amend Title, page 1, line 1, by striking out "and"

Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

; and providing for tax levy in school districts.

Amend Bill, page 10, by inserting between lines 2 and 3

#### CHAPTER 13

#### TAX LEVY IN SCHOOL DISTRICTS

Section 1301. Prohibitions.

Notwithstanding the provisions of section 333(b) of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, and except as set forth under section 1302, beginning with the 2009-2010 fiscal year and each fiscal year thereafter, a board of school directors may not increase the rate of any tax levied in support of public schools nor may it levy a tax in support of public schools that was not levied in the 2008-2009 fiscal year.

Section 1302. Tax levy in school districts.

(a) Scope.—This section relates to school district personal income tax authorization.

(b) Preemption.—No act of the General Assembly heretofore or hereinafter enacted shall vacate or preempt any resolution passed or adopted under the authority of this section, or any other act, providing authority for the imposition of a tax by a school district, unless the act of the General Assembly expressly vacates or preempts the authority to pass or adopt such resolutions.

(c) Personal income tax authorization.—

(1) Except as provided in paragraph (2), each school district, beginning with the 2009-2010 fiscal year and each fiscal year thereafter, shall have the power and may, by resolution, levy, assess and collect or provide for the levying, assessment and collection of a tax for general revenue purposes at a rate as it shall determine on personal income of the residents of the school district. In initially levying a personal income tax or in subsequently increasing the rate thereof, any initial rate or subsequent rate increase levied in excess of the index established for the school district pursuant to section 313(1)(ii) of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, shall be subject to referendum under section 333(c) of that act, unless an exception in section 333(f) of that act applies and is approved pursuant to section 333(i) or (j) of that act.

(2) A school district that levies and assesses the tax, subject to the duty of the Department of Revenue to collect the tax in accordance with law, shall follow the same regulations as the Department of Revenue for the levy and assessment of personal income tax under Article III of the Tax Reform Code.

(d) Continuity of tax.—Every tax levied under this section shall continue in force on a calendar or fiscal year basis, as the case may be, without annual reenactment unless the rate of the tax is subsequently changed.

(e) Exemption of low-income persons.—

(1) (Reserved).

(2) Each school district shall have the power and may exempt persons who qualify as claimants under Ch. 13 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, and who have household income as defined in section 1303 of the Taxpayer Relief Act which is equal to or less than the maximum income requirement necessary to qualify for a property tax rebate or rent rebate in lieu of property taxes or rent due pursuant to the Taxpayer Relief Act, from the payment of any tax on personal income.

(3) Each school district shall adopt regulations for the processing of claims for these exemptions.

(f) Collection of personal income tax by Commonwealth.—The Department of Revenue shall be responsible for the collection of all personal income tax imposed by a school district in conjunction with the collection of any tax on personal income imposed by the Commonwealth under the authority of the Tax Reform Code.

(g) Limitation on assessment.—No assessment may be made of any personal income tax imposed under this subsection more than five years after the date on which such tax should have been paid except where a fraudulent return or no return has been filed.

(h) Distress and sale of property of taxpayer.—

(1) In case of the neglect or refusal of any person, association or corporation to make payment of the amount of any personal income tax due after two months from the date of the tax notice, the Department of Revenue shall have the power to levy the amount of such tax, penalty, interest and costs thereon, not exceeding costs and charges allowed constables for similar services by distress and sale of the goods and chattels of such delinquent, wherever located, upon giving at least ten days' public notice of such sale by one advertisement in a newspaper of general circulation published in the county.

(2) No failure to demand or collect any taxes by distress and sale of goods and chattels shall invalidate any return made, or lien filed for nonpayment of taxes, or any tax sale for the collection of taxes.

(i) Collection of delinquent taxes from employers.—

(1) The Department of Revenue shall demand, receive and collect from all employers employing persons owing delinquent personal income taxes or having in possession unpaid compensation belonging to any person or persons owing delinquent personal income taxes upon the presentation of a

written notice and demand certifying that the information contained therein is true and correct and containing the name of the taxpayer and the amount of tax due.

(2) Upon the presentation of such written notice and demand, the employer shall deduct from the compensation of such employees then owing, or thereafter due, a sum sufficient to pay the amount of the delinquent personal income taxes, interest, penalty and costs shown upon the written notice or demand, and shall pay the same to the Department of Revenue by which such delinquent tax was levied within 60 days after such notice was given.

(3) No more than 10% of the compensation of the delinquent taxpayer may be deducted at any one time for delinquent personal income taxes, penalty, interest and costs.

(4) Such employer shall be entitled to deduct from the moneys collected from each employee the costs incurred from the extra bookkeeping necessary to record such transactions, not exceeding 2% of the amount collected and paid over to the Department of Revenue.

(5) Upon the failure of any such employer to deduct the amount of such taxes or to pay the same over to the Department of Revenue, less the amount deducted under paragraph (4), within the time hereby required, such employer shall forfeit and pay the amount of such tax for each such taxpayer whose taxes are not withheld and paid over, or that are withheld and not paid over together with a penalty of 10%, to be recovered by a civil action to be instituted by the Department of Revenue, as debts of like amount are now by law recoverable, except that such person shall not have the benefit of any exemption law or stay of execution.

(6) Nothing in this section shall be deemed to affect or impair the right of any school district or the Department of Revenue to pursue and collect delinquent taxes validly imposed prior to the effective date of this subsection.

(j) Collection of delinquent taxes from Commonwealth.—

(1) Upon presentation of a written notice and demand under oath to the State Treasurer or any other fiscal officer of the Commonwealth, or its boards, authorities, agencies or commissions, it shall be the duty of the treasurer or officer to deduct from the compensation then owing a sum sufficient to pay the amount of the delinquent personal income taxes, interest, penalty and costs shown on the written notice. The same shall be paid to the Department of Revenue within 60 days after such notice shall have been given.

(2) No more than 10% of the compensation of the delinquent taxpayer may be deducted at any one time for delinquent personal income taxes, interest, penalty and costs.

(3) Nothing in this section shall be deemed to affect or impair the right of a school district or the Department of Revenue to pursue and collect delinquent taxes validly imposed prior to the effective date of this section.

(k) Notice to taxpayer.—The Department of Revenue shall, at least 15 days prior to the presentation of a written notice and demand under subsection (i) or (j), notify the taxpayer owing the delinquent tax by registered mail that a written notice and demand shall be presented to his employer unless such tax is paid. The return receipt card for registered mail shall be marked delivered to addressee only, and the cost of notification by registered mail shall be included in the costs for collecting taxes.

(l) Collection of taxes by suit.—

(1) Each school district and the Department of Revenue shall have power to collect unpaid taxes from taxpayers and employers owing such taxes by a civil action or other appropriate remedy. Upon judgment, execution may be issued without any stay or benefit of any exemption law. The right to collect unpaid taxes under this subsection shall not be affected by the fact that such taxes have been entered as liens in the office of the prothonotary or the fact that the property against which they were

levied has been returned to the county commissioners for taxes for prior years.

(2) A suit brought to recover the taxes under paragraph (1) shall be instituted within three years after the tax is due or within three years after a declaration or return has been filed, whichever date is later, except in the following cases:

(i) If no declaration or return was filed by any person although a declaration or return was required to be filed under provisions of the ordinance, there shall be no limitation.

(ii) If an examination of the declaration or return filed by any person, or of other evidence relating to such declaration or return in the possession of the Department of Revenue, reveals a fraudulent evasion of taxes, there shall be no limitation.

(iii) If there is a substantial understatement of tax liability of 25% or more and no fraud, suit shall be instituted within six years.

(iv) If any person has deducted taxes under the provisions of the resolution, and has failed to pay the amounts so deducted to the Department of Revenue, or if any person has willfully failed or omitted to make the deductions required by this subsection, there shall be no limitation.

(3) The Department of Revenue, by regulation, shall establish the procedures for collecting the personal income tax and paying the full amount collected over to the school district on a quarterly basis.

(m) Definitions.—The following words and phrases when used in this section shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Association." A partnership, limited partnership or other unincorporated group of two or more persons.

"Business." An enterprise, activity, profession or other undertaking of an unincorporated nature conducted for profit or ordinarily conducted for profit whether by a person, association or other entity.

"Compensation." The classes of income included within the definition of "compensation" set forth in section 301 of the Tax Reform Code, and upon which are imposed a personal income tax by the Commonwealth.

"Corporation." A corporation or joint stock association organized under the laws of the United States or the Commonwealth of Pennsylvania or any other state, territory, foreign country or dependency.

"Current year." The calendar year or fiscal year for which the tax is levied.

"Department." The Department of Community and Economic Development of the Commonwealth.

"Domicile." The place where one lives and has his permanent home and to which he has the intention of returning whenever he is absent. Actual residence is not necessarily domicile because domicile is the fixed place of abode which, in the intention of the taxpayer, is permanent rather than transitory. Domicile is the voluntarily fixed place of habitation of a person, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce him to adopt some other permanent home. In the case of businesses or associations, the domicile is any place where the business or association is conducting or engaging in a business for profit within a school district.

"Employer." A person, association, corporation, governmental unit or other entity employing one or more persons, other than domestic servants for compensation.

"Governing body." The board of school directors of a school district.

"Net profits." The class of income described as "net profits" in section 303 of the Tax Reform Code, and upon which is imposed a personal income tax by the Commonwealth.

"Nonresident." A person, association or other entity domiciled outside the school district.

"Person" or "individual." A natural person.

"Personal income." The classes of income enumerated in section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, and upon which is imposed a personal income tax by the Commonwealth.

"Political subdivision." A school district.

"Preceding year." The calendar year or fiscal year before the current year.

"Register." The register provided for in this section.

"Resident." A person, association, corporation or other entity:

(1) living in or maintaining a permanent or fixed place of abode in a school district; or

(2) conducting or engaging in a business for profit within a school district.

"School district." A school district of the first class, first class A, second class, third class or fourth class, including any independent school district.

"Succeeding year." The calendar year or fiscal year following the current year.

"Tax officer." The person, public employee or private agency designated by a governing body to collect and administer a tax imposed under this section, and the treasurer of a school district of the first class A.

"Taxpayer." A person, association or other entity required under this section to file a tax return or to pay a tax.

On the question,

Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Steil on the amendment.

Mr. STEIL. Thank you, Mr. Speaker.

This amendment will add another dimension to HB 1600 which I think is very, very important. While HB 1600 attempts to offer some relief of property taxes, it does not ensure that those property taxes cannot increase in the future and rise back to a level that is equal to the point from which they started.

This amendment 05522 does three things: One, it limits, or caps, all tax levies that school districts currently make, and that is particularly important because it means that no property tax levy or rate of property tax can be increased after this school year. Secondly, it says that the school district, in order to pay for legitimate increases in expenditures subject to the Act 1 caps, must implement a personal income tax on their local residents. And thirdly, that income tax will be collected by the State and remitted to the school district.

Now, it is only a personal income tax for future increases in spending subject to the Act 1 caps. Those are the three provisions of this bill, and they ensure that the legislation, that the underlying legislation, HB 1600, will assure to our taxpayers that increases in property taxes end, and we do not have to face this subject again.

It also addresses the concerns of many who have said that business properties and commercial properties should continue to contribute to our schools. I agree. This ensures that the contributions they are currently making to the school districts continue. But to benefit the businesses and to residential properties, we would now be able to assure them that their taxes will not increase in the future.

Thank you, Mr. Speaker.

The SPEAKER. Representative Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Would the maker of the amendment stand for interrogation?

The SPEAKER. Representative Steil indicates he will stand for interrogation. Representative Scavello is in order and may proceed.

Mr. SCAVELLO. Thank you, Mr. Speaker.

This amendment, when you say it freezes property taxes, does it freeze it on all properties, for example, commercial properties in the future? Should a school district need to raise commercial properties, with this amendment, are you freezing those properties as well?

Mr. STEIL. Yes; I am.

Mr. SCAVELLO. Although I like what you are trying to accomplish, your amendment is telling me that you are freezing property taxes on commercial and industrial properties and forcing the school districts to raise the personal income tax to their citizenry, and I would have a tremendous problem with that. So I am asking the members for a "no" vote on this amendment.

The SPEAKER. Will the House agree to the amendment? Representative Levdansky.

Mr. LEVDANSKY. Would the maker of the amendment stand for a short interrogation?

The SPEAKER. Representative Steil indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, I just want to be clear: So this essentially freezes property taxes and then requires that if the school district needs additional funding for their budget needs, that can only be accomplished by an increase in a personal income tax?

Mr. STEIL. Well, it would not be an increase in the personal income tax, it would be a personal income tax levied at a rate that would achieve their necessary additional spending, subject to the Act 1 limits. So it has to go to referendum or exceptions have to be in place to do that.

Mr. LEVDANSKY. So they would shift to a local PIT as an option, and then that would be collected at the local or State?

Mr. STEIL. The State would collect the money and remit it to the district. And I do not want to use the word "shift." We are not shifting any taxes. We are simply saying that future legitimate increases in school spending would have to be derived from a personal income tax collected by the State and remitted to the district.

Mr. LEVDANSKY. Okay. So the future increase in revenues that the school district needs would be achieved through an increase in the personal income tax, whereas presently they would have to raise their millage, and the millage would be applied to both homestead and commercial, retail, industrial, and all other nonhomestead properties.

Mr. STEIL. That is correct.

Mr. LEVDANSKY. So to that extent, it would be a shift. To that extent, the future increase in necessary revenues would come by increasing the personal income tax, which businesses do not pay unless they are subchapter S's, whereas the millage increase would be borne by all properties, including businesses. Is that correct?

Mr. STEIL. That is correct, but it is important to remember that it is the property tax that we are trying to reduce. So to simply say that we can just keep raising it for additional needs, whether it is commercial or residential, does not accomplish what I think it is that we have all set out to do.

Mr. LEVDANSKY. I appreciate that. It is just that the dilemma is that the future revenue necessary will come from the personal income tax base, which is largely borne by working people. So to me, to that extent, it is a bit of a shift towards individuals picking up a greater burden of public education, and less on the business and commercial property tax base.

Mr. STEIL. I am not sure if that was a question or not, but this is subject to the same provisions that the State's income tax is subject to. And in your legislation, you also propose an increase in the personal income tax rate. That happens. The same thing applies here – we do not tax pensions, we do not tax Social Security, and we do not tax incomes under approximately \$32,500 a year. So we protect the working poor, we protect low-income classes, and we collect from the same people that the underlying bill, 1600, collects from, with one big difference which is very important in many of our districts, and that difference is, when we collect an income tax in our local school districts, all of the money stays in our district. It does not go somewhere else. That is a very important distinction between what HB 1600 does and what this amendment does.

Mr. LEVDANSKY. Okay. Thank you, Mr. Speaker.

The SPEAKER. Representative Boyd.

Mr. BOYD. Thank you, Mr. Speaker.

I was wondering if the maker would stand for brief interrogation.

The SPEAKER. Representative Steil indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. BOYD. Thank you.

I am curious about the logistics of the school budgeting system and how this change would affect that. We heard quite a bit of discussion when Act 1 was being debated and discussed about the implications on the school budgeting process. One of the things that I hear people say about property taxes, particularly on the school side, is that it is a stable – kind of a known – entity. The income tax is typically perceived to increase on an annual basis, arguably indexed to inflation, and it has to do with the economy and so on and so forth.

How, logistically, are you going to— Act 1 limits school budgets' overall increases, if my memory serves me right. How does that relate to the back-end referendum provisions and how schools would try and look at additional revenue through the income tax as opposed to property tax, which is a little bit more of a known entity? Do we have any problems with that, Mr. Speaker?

Mr. STEIL. No, I do not, because one of the benefits of using a personal income tax is that in every school district, the Department of Revenue is already collecting income taxes on the individuals in that district. They know what the tax base is. So as a result of that, it is relatively a simple matter to levy a rate on that total income base in order to determine the amount of money necessary.

Now, in terms of the mechanics of the budget itself— And the budgets are now being done earlier in the year. That is necessary in order to meet the Act 1 requirements, so that if a referendum is required, it is available to do that. So at some point after the school district has examined its spending plan for the next year, they currently have to make a decision: Do we raise the millage, the rate, of property taxes in order to accomplish what we believe are the necessary expenditures? If this amendment is adopted, the same thing happens except that they say, we do not raise the rate of the property tax; rather,

we look at the income base and determine what rate of income tax must we levy in order to achieve the same revenue targets.

Mr. BOYD. Thank you, Mr. Speaker.

One other quick question. I think I know the answer, but I just want to confirm: Implementation of this amendment would have no impact on the current property tax and rent rebate programs or any of the other programs that are out there to help our low-income seniors at this point. Is that a correct statement, Mr. Speaker?

Mr. STEIL. That is correct.

Mr. BOYD. Thank you.

The SPEAKER. Representative Reichley.

Mr. REICHLEY. Thank you, Mr. Speaker.

Would the sponsor of the amendment stand for brief interrogation?

The SPEAKER. Representative Steil indicates that he will stand for interrogation. The gentleman is in order and may proceed.

Mr. REICHLEY. Thank you, Mr. Speaker.

Mr. Speaker, just a few hopefully brief questions.

In trying to read through the language of the amendment, Mr. Speaker, do I take it that any increase in the personal income tax rate approved by the electorate of the school district, under your language, would not require any property tax reduction commensurate with the personal income tax increase? Is that correct?

Mr. STEIL. That is correct, only because what we are levying here and what this amendment calls for is future increases in spending. If this legislative body chose to do so, at some time in the future we could give the school district the authority to levy a higher personal income tax subject to a referendum to reduce property taxes further, but that is not in this piece.

I would like to take the first step and simply say, if you need to legitimately increase your spending, then do it through an income tax, but we are not trying to offset other property taxes because the underlying bill, 1600, already does that.

Mr. REICHLEY. And would a school district be required to revoke or rescind any earned income tax that it is imposing, if your amendment was passed, in order to pass the personal income tax?

Mr. STEIL. They would not be required to do that.

Mr. REICHLEY. And I apologize for asking this if this is a bad question, but is it possible that a personal income tax and an earned income tax could be imposed by the same school district?

Mr. STEIL. It is possible, that if the earned income tax continued, that the school district could continue to collect that, because this amendment is aimed solely at identifying future increases in spending and giving them a way to pay for that other than using the property tax.

Mr. REICHLEY. There is no limitation on the personal income tax rate that could be imposed? Is that correct? There is no cap on the personal income tax rate, either on an overall basis or on an annual basis? Is that correct?

Mr. STEIL. I am sorry. I missed the first portion of that.

Mr. REICHLEY. Is there any cap on the personal income tax rate that could be imposed, or is it merely subject to the ballot question that the district would place before the voters?

Mr. STEIL. It is always subject to the ballot question in the district. And I would want to point out also that in terms of the earned income tax, almost always in a district that collects the

earned income tax, the municipality also collects it. So the individual is already paying an earned income tax by the same agent, remitted to just two different governing bodies.

Mr. REICHLEY. Do I take it that the scope of potential income that would be subject to a personal income tax would be broader than the potential source of revenue that is available under an earned income tax? I think you said pensions and Social Security would be excluded, but what I think we now refer to as "unearned income," which may be received by seniors such as dividends and from equity income, that would be subject to the personal income tax. Is that correct?

Mr. STEIL. The income that would be subject to the proposed tax here would be exactly the same income that is already subject to the State's personal income tax. So that means that for seniors, particularly, the special SP provision would apply, which exempts the first \$13,500 of dividends and interest — exactly the same provisions.

Mr. REICHLEY. I believe the question came from the Democrat Finance chairman that you would no longer be placing the burden for spending on property owners, but by utilizing a personal income tax, you would also be capturing so-called renters who are not directly paying a property tax. Is that correct?

Mr. STEIL. That is true, but they also send their children to school.

Mr. REICHLEY. Right.

And the last question; let me think. Oh. Your amendment, it freezes or caps the property tax payments that are currently made? Does it tax the millage rate? What exactly does it freeze?

Mr. STEIL. It freezes the millage rate.

Mr. REICHLEY. So the property tax payment to be paid by a homeowner would continue the same out into infinity?

Mr. STEIL. Unless the school district at some point chose to use another means or this legislature granted them another means to do it. It would mean that you would continue to collect the same amount of property tax that you are now, but it would not go up.

Mr. REICHLEY. Thank you, Mr. Speaker.

Mr. STEIL. And it would also be important to mention that as new properties are developed or occupied, that the rate would certainly apply to those properties. We provided for that in the legislation.

Mr. REICHLEY. The millage rate, you mean?

Mr. STEIL. That is correct.

Mr. REICHLEY. Thank you, Mr. Speaker.

The SPEAKER. Representative Petri.

Mr. PETRI. Will the maker please stand for brief interrogation?

The SPEAKER. The gentleman indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. PETRI. Mr. Speaker, as I understand your amendment, it proposes to have the State collect all of the PIT. Is that correct?

Mr. STEIL. All of the PIT assessed by a local school district in order to support additional revenue.

Mr. PETRI. Okay. Does your amendment make any provisions for the State collecting any of the existing EIT that school districts may charge?

Mr. STEIL. It does not, and the reason for that is, and one of the reasons that I believe it is important that we move away from the earned income tax ultimately is, several years ago I formed a task force of many interested individuals, including our staff on both sides of the aisle, and we looked at this issue

of collecting income tax. It became very apparent that it was entirely possible for the State to collect a personal income tax. Mechanically, it was just nearly impossible to collect an earned income tax.

Mr. PETRI. Okay.

Now, Mr. Speaker, as I understand it, whether or not an exception needed to be sought under Act 1, that any increase to the school budget would be subject to an EIT. Is that correct, under this amendment?

Mr. STEIL. Well, the EIT rates are already capped.

Mr. PETRI. I am sorry; I meant a PIT. In other words— Let me strike that and try again.

Mr. Speaker, do I understand this provision to say that whether a referendum under Act 1 is required, any increase would be subject to a PIT?

Mr. STEIL. That is correct.

Mr. PETRI. Okay. So the only way the referendum comes in is if the school district tries to go beyond what is allowed under the Act 1 provisions and limitations?

Mr. STEIL. That is correct.

Mr. PETRI. Does anything in your amendment clamp down, Mr. Speaker, or eliminate some of the current exceptions under Act 1?

Mr. STEIL. It does not address that.

Mr. PETRI. Mr. Speaker, would—

Mr. STEIL. I would simply add to that that as part of Act 1, there was a lot of controversy about the exceptions, but members should remember that a number of those exceptions are related to the current contracts. As those contracts expire, a number of those exceptions go away.

Mr. PETRI. On the amendment, Mr. Speaker.

The SPEAKER. The gentleman is in order, and he may proceed.

Mr. PETRI. I believe the amendment has some very interesting provisions in it. I think the members really ought to think long and hard about whether this, overall, benefits the bill or not for their districts. Certainly in my district, this provides an extra measure of voter accountability, which is what I am hearing from my constituents that they want. That essentially, Mr. Speaker, they want our school districts to stop what they consider to be wasteful spending, and I think the only way we ultimately get to that is to allow them to go to the voting booth and decide what they believe is wasteful spending in their district.

Thank you.

The SPEAKER. Representative Sturla.

Mr. STURLA. Thank you, Mr. Speaker.

Will the maker of the amendment rise for brief interrogation?

The SPEAKER. Representative Steil indicates he will stand for interrogation. The gentleman may proceed.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, as I understand it from a previous questioner, you are freezing the millage rate, not the amount of dollars paid by a business in terms of their tax levy. Is that correct?

Mr. STEIL. That is correct.

Mr. STURLA. Okay. So if I improve my property, my tax bill could go up. Or if I get reassessed it could go up, or if there is a development change, the types of things you talked about. Is that correct?

Mr. STEIL. You add a swimming pool, certainly.

Mr. STURLA. Right; okay. But now, as I understand it, currently if a school district wants to go over and above what is

allowed in Act 1, they need to go get voter approval to raise the millage rate. When they raise that millage rate, they raise it on both commercial properties and residential properties. Is that correct?

Mr. STEIL. Yes.

Mr. STURLA. So in an average district in the State of Pennsylvania, because I think across the State it is sort of average, about 50 percent of the taxes come from commercial properties and about 50 percent come from homesteads. Is that a reasonable assumption here?

Mr. STEIL. I am not sure of that number.

We do not have the exact number, but we think it is closer to 70/30 than it is to 50/50.

Mr. STURLA. Okay. And when you say 70/30, 70 in terms of commercial—

Mr. STEIL. Residential; 30 percent commercial.

Mr. STURLA. Residential; 30 percent commercial.

Okay. But right now if I do that and the voters agree that their millage rate should be increased, a portion of that is paid by commercial properties and then the remaining portion is paid by residential properties. Under your proposal, those commercial properties would be exempted from that increase and that increase would just be paid for by residential property owners. Is that correct?

Mr. STEIL. Subchapter S will be paying that as PIT. That is correct.

Mr. STURLA. Okay. So small businesses and individuals would be paying it, but no C corporations.

Mr. STEIL. Only future increases in spending are involved here, nothing else.

Mr. STURLA. Okay. All right.

Thank you, Mr. Speaker.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—46

Baker	Gillespie	Marshall	Roae
Bastian	Gingrich	Marsico	Rock
Bear	Grell	McIlhattan	Rohrer
Boback	Hennessey	Melio	Rubley
Boyd	Hershey	Mustio	Schroder
Brooks	Hickernell	Nailor	Smith, M.
Cox	Kauffman	Nickol	Steil
Cutler	Keller, M.	Perry	Swanger
Daley	Mackereth	Petri	True
Denlinger	Maher	Pickett	Vulakovich
Gabig	Major	Readshaw	Watson
Galloway	Mantz		

NAYS—149

Argall	George	McGeehan	Sainato
Barrar	Gerber	McI. Smith	Samuelson
Benninghoff	Gergely	Mensch	Santoni
Bennington	Gibbons	Metcalfe	Scavello
Beyer	Godshall	Micozzie	Seip
Bianucci	Goodman	Millard	Shapiro
Brennan	Grucela	Miller	Shimkus
Buxton	Haluska	Milne	Smith, K.
Caltagirone	Hanna	Moul	Smith, S.
Cappelli	Harhai	Moyer	Solobay
Carroll	Harhart	Mundy	Sonney
Casorio	Harkins	Murt	Staback

Causer	Harper	Myers	Stairs
Civera	Harris	O'Brien, M.	Stern
Clymer	Helm	O'Neill	Stevenson
Cohen	Hess	Oliver	Sturla
Conklin	Hornaman	Pallone	Surra
Costa	Hutchinson	Parker	Taylor, J.
Creighton	James	Pashinski	Taylor, R.
Cruz	Josephs	Payne	Thomas
Curry	Keller, W.	Payton	Turzai
Dally	Kenney	Peifer	Vereb
DeLuca	Kessler	Perzel	Vitali
DePasquale	Killion	Petrarca	Wagner
Dermody	King	Petrone	Walko
DeWeese	Kirkland	Phillips	Wansacz
DiGirolamo	Kortz	Preston	Waters
Donatucci	Kotik	Pyle	Wheatley
Eachus	Kula	Quigley	White
Ellis	Leach	Quinn	Williams
Evans, D.	Lentz	Ramaley	Wojnarowski
Everett	Levdansky	Rapp	Yewcic
Fabrizio	Longiotti	Raymond	Youngblood
Fairchild	Mahoney	Reed	Yudichak
Fleck	Manderino	Reichley	
Frankel	Mann	Roebuck	O'Brien, D.,
Freeman	Markosek	Ross	Speaker
Geist	McCall	Sabatina	

NOT VOTING—0

EXCUSED—8

Adolph	Bishop	Evans, J.	Siptroth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mrs. WATSON offered the following amendment No. A04172:

Amend Title, page 1, line 1, by striking out "and"  
Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

; and providing for assessments of real property in counties of the second class A.

Amend Bill, page 10, by inserting between lines 2 and 3  
CHAPTER 13

ASSESSMENT OF REAL PROPERTY

Section 1301. Reassessment systems.

(a) General rule.—Counties of the second class A may adopt a reassessment system, pursuant to voter approval at a referendum authorized by their governing body, which prohibits any reassessment of real property for taxation purposes until the ownership of the real property or any portion thereof is transferred or substantially improved, at which time the real property shall be reassessed on the basis of its fair market value at the time of transfer or substantial improvement.

(b) Excluded transfers.—A transfer of a principal residence or farmland between spouses or between parents and children shall not trigger a reassessment.

(c) Standards.—

(1) Counties may prescribe reasonable standards for determining what constitutes a transfer or substantial improvement.

(2) If the General Assembly enacts legislation prescribing such standards, any standards prescribed by counties under paragraph (1) shall be superseded when the standards enacted by the General Assembly take effect.

(d) Abrogation by county.—The reassessment system authorized by this section may be abrogated by a county in the same manner as it was adopted.

On the question,  
Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Watson on the amendment.

Mrs. WATSON. Thank you, Mr. Speaker.

This amendment— I assume you would like a brief explanation?

The SPEAKER. That would be helpful.

Mrs. WATSON. Thank you, sir.

This amendment has the name of "rolling reassessment," but what it really does, quite frankly— The article of the Constitution states that taxes have to be uniform. We have been through the court cases where they have said certain counties, particularly fourth to eighth, have some exceptions. Interestingly enough, 2-A counties, they did not grant an exception.

What this does, it would allow then, by voter referendum and opting in, a county to move to where a reassessment would occur at the time a property is substantially improved or indeed is sold at fair market value. What this does then, if you have already done a reassessment in your county, this allows you to keep it moving and up to date. If you have not done, it is going to help bring it into a better coefficient of dispersion, if you will, that is used to determine whether or not your assessments are accurate.

And again, it is simply because, again, it would be opting in and also opting out. It is one more tool for county government; in this case, 2-A counties. It would apply – just for those who might forget, 2-A counties are Bucks, where I am from, Delaware, and Montgomery. So it is a good tool, particularly for these, and indeed as I said to you, in previous court cases, others have been granted something like this, but for whatever reason, 2-A counties were not included.

Thank you, Mr. Speaker.

The SPEAKER. The Chair will remind the members to try to keep the noise level down.

Representative Petri.

Mr. PETRI. Mr. Speaker, will the gentelady please stand for brief interrogation?

The SPEAKER. Representative Watson indicates she will stand for interrogation. The gentleman is in order and may proceed.

Mr. PETRI. Mr. Speaker, under present law, what are the methods available to county commissioners for reassessment?

Mrs. WATSON. Thank you, Mr. Speaker.

The usual method available is simply to do a countywide reassessment – rather expensive.

Mr. PETRI. Yes, Mr. Speaker. It is my understanding that in the past, when our surrounding counties have done countywide reassessments, the process takes years, it costs millions of dollars, which of course does not end up reducing anybody's taxes when they do a reassessment, and in the end, the process

is limited in nature because property values change rapidly. Is that also your understanding?

Mrs. WATSON. Yes, Mr. Speaker. If I might elaborate a little bit on that as I understand, with your indulgence.

And yes, the usual rule of thumb when you talk to assessors is that when a countywide reassessment is done, one-third of the properties, it goes up, one-third stay about the same, and one-third go down. Now, that does not sound too bad until you talk to them and they say, the third that go up go significantly. And in the surrounding counties where I am from in the southeast, that has definitely triggered – be they farms and be they individuals, certainly long-term residents – them to sell their properties because they simply could not afford it.

With the rolling-reassessment concept, the seller— If I am the seller of your property, sir, and indeed you have lived there a long time, with the rolling reassessment, I would know what my new property— It would be up to me, it is a business decision, whether I choose to buy your property or not, but I know indeed what the taxes will be. But it did not specifically put you out of your home, and obviously that is what is behind what I want to do.

Mr. PETRI. Mr. Speaker, is this a mandatory provision or is this permissive based upon the county commissioners' decision?

Mrs. WATSON. No; it is certainly not mandatory. I think I used the phrase earlier, it is a tool in the toolbox, but it is based on the county commissioners and a vote. So it is not mandatory. It simply gives them this opportunity.

Mr. PETRI. Okay.

Mr. Speaker, on the bill.

The SPEAKER. The gentleman is in order and may proceed.

Mr. PETRI. Mr. Speaker, this is a very, very important tool for our county commissioners. At present time, the only method for reassessment is either for the county commissioners to vote for a reassessment or to be sued and to force a reassessment. Neither is pleasurable, neither is without being fraught with expense, time, and aggravation. Our neighboring counties have gone through this process, and we have witnessed the struggles they have had and the expense that they have had, and I think the gentelady has come up with a perfect tool, a perfect solution for county commissioners.

And do not forget, Mr. Speaker, her measure will allow each and every taxing authority – your township, your borough, your school district, and your county – to avoid having to increase taxes each and every year to meet the growing taxpayer demands and the citizen demands for services. So this is a win-win-win situation – it is a win to your school district; it is a win to your municipality; it is a win to your taxpayer, because it rewards people who stay in the community and build our community.

I think this measure is long, long overdue. Thank you.

The SPEAKER. Will the House agree to the amendment? Representative Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Just brief interrogation, if you will.

The SPEAKER. Representative Watson indicates she will stand for interrogation. The gentleman is in order and may proceed.

Mr. LEVDANSKY. Thank you.

Mr. Speaker, this amendment would only affect, will it only affect one second-class-A county, being which county?

Mrs. WATSON. It will affect three possibly, sir. It would be Bucks, Delaware, and Montgomery, who are all presently classified 2-A counties.

Mr. LEVDANSKY. Okay. So this amendment would affect three counties—

Mrs. WATSON. May I?

Mr. LEVDANSKY. Yes.

Mrs. WATSON. Excuse me; I did not mean to interrupt you, sir. But if indeed those commissioners and all would opt in to it, again, it is not mandatory. So to say it would affect them, only if indeed it would be their government's choice to do so.

Mr. LEVDANSKY. Okay. Bucks, Montgomery, Delaware.

Mrs. WATSON. Yes, sir.

Mr. LEVDANSKY. Have you talked to the county commissioners in those three counties?

Mrs. WATSON. I have talked to the closest one to me, yes.

Mr. LEVDANSKY. And—

Mrs. WATSON. Montgomery, yes. They just talk about it, and it has been discussed, I believe, at the County Commissioners Association as a welcome tool. And I remember when the bill was introduced before, there was a push for others who wanted to be involved, but I said, why do we not just see how it would work; I would deal with it in my own county.

Mr. LEVDANSKY. Has the County Commissioners Association taken a position on this?

Mrs. WATSON. Not to my knowledge. I did not ask that. No, sir.

Mr. LEVDANSKY. Okay.

I would just like to speak on the amendment.

The SPEAKER. The gentleman is in order and may proceed.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, I understand, essentially, the gist of this amendment is if this amendment is adopted and became law, three counties—

The SPEAKER. Will the gentleman suspend.

The Sergeants at Arms will clear the aisles. The noise level is entirely too loud. Members will take their seats.

Representative Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, this amendment affects three counties, and essentially what it does is it says that these three counties would not be able to do reassessments until a property is transferred to another owner. But it says that a transfer of a principal residence or farmland between parents and children will not trigger a reassessment.

So essentially what this does is, if you bought a home in one of these counties recently, you are going to be assessed at fair market value, and if you are there for 5 or 10 or 15 years, you are just going to be locked in to that assessment rate. What it does, frankly, is it forces people that bought homes more recently to shoulder a greater portion of the local property tax burden, and it also results in, over time, I think it will generate inequities in the assessment system in that particular county.

Now, I understand the appeal to this amendment, but property tax reform is difficult and challenging enough. Under 1600, we are talking about raising revenue and driving it out in a fair and equitable way to the 501 school districts so that we could reduce property taxes.

Reassessments are a whole other can of worms that is very complex, complicated. And coming from Allegheny County, a county that has done several reassessments in the last 6 or 7 years, I understand the controversy associated with

reassessments. And that controversy has resulted in a challenge to the base-year system of assessing, statewide, that most counties rely on, and then there is a court case that is on appeal before the State Supreme Court. So it is likely that sometime this year the Supreme Court will make that decision relative to base-year assessment. If it does and it overturns the base-year assessment, this legislature is going to have to confront reassessment reform, and if you think property tax reform is challenging and difficult, wait till you get into reassessments.

What I am suggesting is that now is not the time to be adding more complications and more changes to the assessment process. I would prefer that we deal with all of these reassessment issues at a later point in time in a piece of legislation just dealing with reassessments. And for those reasons, I would urge defeat of this amendment.

The SPEAKER. Representative Godshall.

Mr. GODSHALL. Thank you, Mr. Speaker.

Being from Montgomery County, one of the counties affected with this legislation, and having spoken to most of the members from Montgomery County, we stand opposed to this proposed legislation.

What it looks like to us, in a way it is spot assessments, which have been illegal for a long, long time, all over the State of Pennsylvania. We have – unlike our neighbor in Bucks – we have done reassessments, we have done reassessments on a couple of different occasions. We do not have a problem, and we are not in favor of spot assessments.

As I look at this legislation, if I have three or four houses in a community and if one is sold – and say everyone is assessed at \$200,000 – and all of sudden one sold for \$250,000. That new house is— You are paying taxes on \$250,000; the others you are still at \$200,000. So it creates a lot of inequities. It is a spot assessment, pure and simple, and it can easily be corrected in our neighboring county if they choose to do a countywide reassessment, as we have done in Montgomery County and a lot of other counties.

So I would ask for a negative vote because, you know, it just does not work.

The SPEAKER. Representative Grucela.

Mr. GRUCELA. Thank you, Mr. Speaker.

Would the maker of the amendment stand for a brief question?

The SPEAKER. Representative Watson indicates she will stand for interrogation. The gentleman is in order and may proceed.

Mr. GRUCELA. Thank you, Mr. Speaker.

Mr. Speaker, my question is going to be along the lines of the last two speakers.

Have you sought a legal opinion as to whether this is a spot assessment or reassessment?

Mrs. WATSON. Yes, Mr. Speaker, I have. And if you are referring to a constitutional amendment, I have had, as is often the case with lawyers – sorry to those who are – but I have had both opinions: Yes, you need a constitutional amendment; no, you do not, there is a way to word that.

And in fact, we went back previously in a discussion with the Senate. It would be fine to do a constitutional amendment. I do not believe and I was told it is not spot zoning as such, and it works particularly to keep— My whole point is to keep our long-term residents – we do not call them old – long-term residents in a home that when reassessment occurs, they can stay there, they move on, they stay there. And that was the

discussion and that it could work. So I have spent a lot of time researching this.

Mr. GRUCELA. Thank you, Mr. Speaker.

If I may, on the amendment?

The SPEAKER. The gentleman is in order and may proceed.

Mr. GRUCELA. I certainly appreciate that answer, and when I was a member of the Northampton County council, having a solicitor— Many times you do get different opinions from attorneys, and I understand that. But my recollection from many years ago is – this is something I actually tried to do as a member of the Northampton County Council – and at the time the solicitor at the Northampton County Council said that we could not pass such an ordinance because such an ordinance was spot assessment, spot zoning.

For that reason I am going to stick with that from many years ago and vote "no" on this particular amendment. As well as Representative Levdansky raises a very good point: When we had the bipartisan reform commission that studied the property tax issue for several sessions, we looked at reassessment. The reassessment and assessment powers of the county is like a whole different ball game, and it is very much part of the property tax problem/solution. But I really believe, even though this is referenced to just a small section of counties, I do believe that it would be spot reassessment and I really do not think it is constitutional.

So for those reasons, Mr. Speaker, I will be voting "no." Thank you.

The SPEAKER. Representative Galloway.

Mr. GALLOWAY. Thank you, Mr. Speaker.

I rise today to support this amendment. I applaud the maker of the amendment, Representative Watson, and I stand with the other members of the Bucks County delegation.

This amendment is a tool for our county commissioners. It allows us to keep the status quo, and it rewards long-term residents, people who have been in the community a long time and without bringing on the devastating effects of reassessment.

So again, I applaud the maker of this amendment. I ask my colleagues to support this amendment. It is very important to us here in Bucks County. Thank you very much.

The SPEAKER. Representative Miller.

Mr. MILLER. Thank you, Mr. Speaker.

I would like to ask the lady to rise for a few brief questions.

The SPEAKER. Representative Watson will stand for interrogation. The gentleman is in order and may proceed.

Mr. MILLER. Whenever we consider a piece of legislation like this, I am very concerned about unintended consequences. And my thought process went this way: If we have a senior living in a home and the assessment is not raised for 20 years, and let us say their property taxes, for sake of argument, is \$1,000 on a \$100,000 home. You know, their assessment is not raised because we do not have a reassessment, but at the point of sale, you do get a reassessment.

Now, they buy – because they want to downsize to a cheaper place, easier to maintain – they buy a cottage at a retirement home, and because of the inflation over the years that cottage sells for \$200,000, twice the amount. Would they not see a doubling of their property taxes because they were artificially low all those years? Would that happen at that point?

Mrs. WATSON. Yes, Mr. Speaker, they would. And in fact, in the district that I represent, there are 11, right now, over-55 age-restricted communities. I have had that discussion with a number of folks. A lady comes to mind who lives in a different

municipality but she moved from her own single home, same township, into an over-55 age-restricted community. They made that decision. I am not sure if you would say they downsized. Yes, I suppose in square footage it is smaller. It is brand new. It is lovely. I have been there. But they did move. They knew that. They knew what the new taxes would be, and it was considerably different. Probably she added \$2,000, but they made the decision that that is what they would do.

But she could have – in following what you are saying – that if she felt she could not, she could have stayed where she was. And the point is, she could have paid what her taxes were, which is kind of interesting because she and I live in a same size house but I live in a different district, and I pay \$2300 more than she does for the same size house on the same lot. That is the difference of a school district.

But the point being, quite frankly, sir, that, yes, but that is a decision individual homeowners could make. I am doing something and looking at something that we do not in effect have government make the decision for them that they absolutely cannot stay where they have been for the last 30 years. It is not a choice for them. They cannot afford it.

Mr. MILLER. Okay. Thank you for that answer.

Mr. Speaker, I would just conclude by saying, I guess it means that it is going to be even more important that people, when they go to buy a new property, review their disclosure statements and know the whole issue of what their property taxes will cost them at that time.

Thank you, Mr. Speaker.

On the question recurring,

Will the House agree to the amendment?

The following roll call was recorded:

YEAS—22

Boback	Hennessey	Melio	Petri
Boyd	Hershey	Micozzie	Quinn
Clymer	Kenney	Moul	Steil
Creighton	Killion	Nickol	Taylor, J.
DiGirolamo	King	O'Neill	Watson
Galloway	Mantz		

NAYS—172

Argall	George	Marsico	Ross
Baker	Gerber	McCall	Rubley
Barrar	Gergely	McGeehan	Sabatina
Bastian	Gibbons	McI. Smith	Sainato
Bear	Gillespie	McIlhattan	Samuelson
Benninghoff	Gingrich	Mensch	Santoni
Bennington	Godshall	Metcalfe	Scavello
Beyer	Goodman	Millard	Schroder
Biancucci	Grell	Miller	Seip
Brennan	Grucela	Milne	Shapiro
Brooks	Haluska	Moyer	Shimkus
Buxton	Hanna	Mundy	Smith, K.
Caltagirone	Harhai	Murt	Smith, M.
Cappelli	Harhart	Mustio	Smith, S.
Carroll	Harkins	Myers	Solobay
Casorio	Harper	Nailor	Sonney
Causer	Harris	O'Brien, M.	Staback
Civera	Helm	Oliver	Stairs
Cohen	Hess	Pallone	Stern
Conklin	Hickernell	Parker	Stevenson
Costa	Hornaman	Pashinski	Sturla
Cox	Hutchinson	Payne	Surra
Cruz	James	Payton	Swanger

Curry	Josephs	Peifer	Taylor, R.
Cutler	Kauffman	Perry	Thomas
Daley	Keller, M.	Perzel	True
Dally	Keller, W.	Petrarca	Turzai
DeLuca	Kessler	Petrone	Vereb
Denlinger	Kirkland	Phillips	Vulakovich
DePasquale	Kortz	Pickett	Wagner
Dermody	Kotik	Preston	Walko
DeWeese	Kula	Pyle	Wansacz
Donatucci	Leach	Quigley	Waters
Eachus	Lentz	Ramaley	Wheatley
Ellis	Levdansky	Rapp	White
Evans, D.	Longietti	Raymond	Williams
Everett	Mackereth	Readshaw	Wojnaroski
Fabrizio	Maher	Reed	Yewcic
Fairchild	Mahoney	Reichley	Youngblood
Fleck	Major	Roae	Yudichak
Frankel	Manderino	Rock	
Freeman	Mann	Roebuck	O'Brien, D.,
Gabig	Markosek	Rohrer	Speaker
Geist	Marshall		

NOT VOTING—1

Vitali

EXCUSED—8

Adolph	Bishop	Evans, J.	Siptroth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

**GUESTS INTRODUCED**

The SPEAKER. The Chair would like to welcome, as the guests of Representative Tim Mahoney, Vince Zapotosky from Fayette County, he is the commissioner, and also his assistant, Jim Conway, who are seated to the left of the Speaker. Would you please rise and be recognized.

**CONSIDERATION OF HB 1600 CONTINUED**

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. **PERRY** offered the following amendment No. **A04196**:

- Amend Title, page 1, line 1, by striking out "and"
- Amend Title, page 1, line 2, by removing the period after "Fund" and inserting  
; and providing for tax limits.
- Amend Sec. 102, page 2, by inserting between lines 27 and 28  
"Two-year cap." Seven percent.
- Amend Bill, page 10, by inserting between lines 2 and 3  
CHAPTER 13  
TAX LIMITS

Section 1301. Tax limit.

Notwithstanding the provisions of section 333 of the Taxpayer Relief Act, and except as provided in section 1302, no school district shall increase the rate of a tax levied in support of public schools in the aggregate by more than the two-year cap in any two consecutive fiscal years.

Section 1302. Referendum.

In order to take an action prohibited under section 1301, at the election immediately preceding the start of the school district fiscal year in which the proposed tax increase would take effect, a referendum stating the specific rate or rates of the tax increase must be submitted to the electors of the school district, and a majority of the electors voting on the question must approve the increase. The provisions of section 333(c) and (d) of the Taxpayer Relief Act shall apply to the administration of this section.

On the question,  
Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Perry on the amendment.

Mr. PERRY. Thank you, Mr. Speaker.

This amendment seeks to control spending by providing the taxpayers something that they can budget for, which is a 2-year guaranteed— It is not an increase, but what it is, is it sets a limit on the increase and that increase would be 7 percent over 2 years, which at that point is roughly, if you just take it up, what most people deal with is 3 1/2 percent per year with the rate of inflation. It seems like it is reasonable. Folks are pretty much confined to that in their homes and in their jobs. Unless they get an increase or if they get a new job where they make more money, they are confined to the rate of inflation in their spending, and it seems to me that it is reasonable that the school districts should be confined to the same thing as well.

I have heard a lot of talk, as we all have over the last couple of days, about property taxes and reducing or getting rid of them completely, but we never at this point, at least in this argument, have discussed controlling costs. The property taxes are driven by the cost, and there so far has been no check on the cost. We do not have any problem in the State House burdening our school districts with a lot of mandates, and many school districts do not have any problem burdening their taxpayers with the bills that they have to pay – essentially paying rent to stay in the houses that they live in, and if they cannot, then they are forced to leave.

Mr. Speaker, I think that this is a reasonable limit – 7 percent over 2 years. It also provides for an emergency situation, where the school district would have to spend more because something happened requiring them to spend more, which they would go to their voters, the owners of the school district – the taxpayer, the boss – and ask them if they want to spend the additional money. And so it puts the expenditure of the money directly in the hands of the taxpayers.

Mr. Speaker, again, this is a cost control measure of yet we have heard little to none in this House while we talk about property tax decreases or elimination. It is the cost that is driving the property taxes, and until we address the costs, we cannot solve the equation.

I urge the support of this amendment. Mr. Speaker, thank you.

The SPEAKER. Will the House agree to the amendment?  
Representative Boyd.

Mr. BOYD. Thank you, Mr. Speaker.

I was wondering if the maker would stand for a real brief interrogation.

The SPEAKER. The gentleman indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. BOYD. I appreciate the intent of the legislation. Just out of curiosity's sake, is there anything in here that relates to enrollment? Those of us who represent school districts, it is not unreasonable, believe it or not, in a 1-year period of time where we can have 40, 50, 60 new second graders requiring us to put in two new second grade classrooms. Particularly, I have one municipality that has 1,000 approved building lots. A developer comes in and is in the process of doing a substantial development, we can really see big jumps. Is there anything in your amendment that will make an allowance for going above that amount based on ADM, average daily membership, enrollment?

Mr. PERRY. As it stands now, there is nothing in it to directly address the enrollment situation, but what there is, is the voters, the taxpayers that are paying the bill, they have an opportunity to say whether we should spend more after the fact. Right now they do not have any say about that.

And so if, indeed, the school district does need the additional funds to handle increased enrollment, then they can plead to their taxpayer – who is their boss – and if the boss sees fit, then they will pay the bill. The taxpayers own this school. They own this education. Even though they might want the Cadillac of educations, if they can only afford the Chevette, that is all they can afford. So it should be the taxpayers who decide, and this amendment allows for this.

Mr. BOYD. Another question: How does this intertwine with the Act 1 and the back-end referendums that are already in existence? Does this supersede those? How does this overlay with Act 1 referendums?

Mr. PERRY. It is the intent of this amendment to supersede those. As you know, it currently exists but only 4 of 501 school districts used it in the last couple of years, effectively making it ineffective. I mean, the taxpayers really have no say. Two hundred and ten, or thereabouts, school districts filed for exceptions and every one of those were approved. So right now Act 1 does not work in that regard and this seeks to change that.

Mr. BOYD. So it seems, if I understand the answer to that question correctly, what this, in effect, does is, at least for a 2-year period of time, limits school district budget increases to 3.5 percent, and it eliminates the current Act 1 referendum, back-end referendum provisions, and eliminates the exclusions that are granted in Act 1. I am just getting clarity.

Mr. PERRY. This is a 2-year cap, at 7 percent over 2 years, so if you had a 4-year increase in one year and then less the next year, it does not eliminate – it is a referendum if they want to increase above that – but it does not eliminate the current Act 1 referendum provision.

Mr. BOYD. And how does this affect, under current collective-bargaining agreements, where, in fact, you may already have an agreement in place where a prior school board has agreed to 4- or 5-percent increases over a 3-year period of time and now this would come in, and would that create any problems, in your mind, under the current—

Mr. PERRY. Well, it does not create any problems in my mind, other than the school board is going to have to go to the taxpayers and justify the increase. And actually, I think it helps the school board because it gives them a back stop to negotiate against, and it gives them a framework to say to unions or organized labor that is saying, hey, we need a 5-percent increase every year to say, we cannot afford it and by law we can no longer give it, or we could give it one year but not the next.

So it actually empowers the school board to act as the agent on behalf of the taxpayer.

Mr. BOYD. So this is currently, as drafted, a 2-year – 7 percent over 2 years. I am assuming that the way this is drafted, that this automatically renews every 2 years.

Mr. PERRY. Every 2 years, that is correct.

Mr. BOYD. So in effect, this is truly a spending limitation – 7 percent over a 2-year period of time.

Mr. PERRY. If you want to spend all— If your school district wants to spend all its 7 percent in the one year, that just means the next year there is no more increase. They have spent it all in one year. It is a 7 percent over 2 years. How your school board— It gives your school board the flexibility and it gives the taxpayers the flexibility, by the referendum after the fact, if the school board wants to go above that 7 percent in the 2 years.

Mr. BOYD. Thank you, Mr. Speaker.

The SPEAKER. Representative Killion.

Mr. KILLION. Thank you, Mr. Speaker.

Would the member stand for just a very, very brief interrogation?

The SPEAKER. The gentleman indicates that he will. The gentleman is in order and may proceed with his interrogation.

Mr. KILLION. Thank you, Mr. Speaker.

I am a little confused. You said there were exceptions or there were ways where a school district did not have to go to the ballot, but now I am hearing that it is 7 percent over 2 years, and there are no exceptions. So if health-care costs – particularly in the southeast, it is not uncommon for health-care costs to increase 20 percent – that would be included in that 7 percent, and it would not be allowed as an exception?

Mr. PERRY. Whatever the budget is, if it increases more than 7 percent in the 2 years, the school board would have to go to the taxpayers and justify their expenditure above the 7 percent. If the taxpayers agreed to that, then they could spend.

Mr. KILLION. Thank you, so there are no exceptions. It is 7 percent over 2 years—

Mr. PERRY. 7 percent.

Mr. KILLION. —period?

Mr. PERRY. That is correct.

Mr. KILLION. Thank you.

The SPEAKER. Representative Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Would the maker of the amendment stand for brief interrogation?

The SPEAKER. The gentleman indicates he will. The gentleman is in order and may proceed.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Some of the previous members did mention, and I just want to clarify: If the school district is under contract with a teachers union for salaries, and let us say you are in a growing school district and you have some of those situations that have occurred here where you have a 20- or 25-percent increase in benefits. You are in a growing school district. You have picked up 200 or 300 students. On top of that, you are confined to a contract. How do you get around that? And you are saying— Well, explain it. How do you get around it?

Mr. PERRY. You go around it by going to the people that own the school district, which are the taxpayers, and telling them, justifying to them that your school district has taken on this much enrollment, taken on this much increased cost – whether it is via school mandates or we want to build a new

pool – and the taxpayer then decides whether it is worthy or not to vote for that.

Mr. SCAVELLO. Under the gaming dollars, the Act 1 formula, the school district was not allowed to go out there and campaign and pretty much explain, what those exceptions— They were limited to how much they can, you know, on their requests. Under your legislation, under your amendment, do they have that option? Can they go out and explain exactly why they need it? Because under the Act 1, that was not the case. They had to put it out on a ballot question. That was it.

Mr. PERRY. It is the intent of this amendment that they would be able to explain their case.

Mr. SCAVELLO. I have a piece of legislation here that I would like to see run and I would like to see it run over in the Senate as well, and I have been asking all the members not to support any of the amendments, and I would like to continue that. Although what you are saying has a lot of merit, I am still under the— I would like to send a clean bill over to the Senate, and hopefully that will happen.

So I am asking the members for a "no" vote.

### THE SPEAKER PRO TEMPORE (MATTHEW E. BAKER) PRESIDING

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Turzai.

Mr. TURZAI. Mr. Speaker, thank you. I am going to withdraw my questioning. Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman. The Chair at this time recognizes the gentleman, Mr. Metcalfe.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, just a couple of brief comments on the amendment?

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, this is a good amendment. It would move us in the right direction of trying to establish some spending controls. I filed two amendments that would do likewise and hope to see this amendment successfully voted on so that we can proceed with considering my amendments also. But the Act 1 referendum was really a referendum in name only. It provided almost a dozen exceptions that school districts could skirt the will of the voters, that school districts could get out from under the voters' ability to say yes or no to tax increases.

During last year the voters saw about 200 school districts that applied for the exceptions with all 200 being granted. It might have been 210, but it was in that range of a couple of hundred school districts that asked for an exception and were granted an exception. No school district was denied their exceptions when they were requested. I think just statistically there is a problem with that, that out of 200 school districts or so, that they would all be granted an exception and that no one would have made a mistake and that the PDE, Department of Education here in Pennsylvania, would grant all those exceptions.

And then beyond that, Mr. Speaker, there was an index that was calculated, and that index ranged from the mid 3.4-percent range up to the low 5-percent range, 5.3 or so. So within that index, we saw another couple of hundred school districts

increase their taxes next year within the index, Mr. Speaker. So you had a couple of hundred school districts that increased within the index, a couple of hundred that could go above the index because of the exceptions, so you had about 80 percent of the school districts in this State, under the current Act 1 referendum-in-name-only provision, that were able to skirt the will of the voters, Mr. Speaker. Supermajorities of taxpayers across this State would like to have the ability to say yes or no when their school district is planning on spending more of their money. This is a commonsense approach. I think it is very, very liberal in its allowance of allowing 7 percent over 2 years. I would like to see it restricted even further, but I support this amendment, and I thank the author of the amendment for stepping up to the plate and trying to help put forth some spending controls, which have not been put forth with many of these proposals. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman from Venango County, Mr. Hutchinson.

Mr. HUTCHINSON. Thank you, Mr. Speaker.

I, too, rise to commend Representative Perry for this important amendment before us. I think it is— We should have heard loud and clear the last two times that tax reform appeared on the ballots of Pennsylvania. They were soundly, soundly rejected, and there is one major reason for that. It is because the taxpayers realized that in the end, although their property taxes might go down some in the short term, in the long term it is going to go back up again.

It is time for us to put the brakes on, to give the taxpayers a say in the spending – more of a say in the spending – in their school districts and allow them to put the brakes on the growth of spending across Pennsylvania.

The taxpayers are asking for this. They will reject any tax reform that does not include tough reform, tough referendum measures, and quite frankly, I think we should go further than this. But I think this is a great start and a commonsense, yet flexible, referendum package, and I ask my colleagues to support this amendment. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

Anyone else seeking recognition on the Perry amendment?

Mr. Perry.

Mr. PERRY. Thank you, Mr. Speaker.

I very much want to see property tax eliminated. Personally, I feel that it is un-American that you can be taxed out of your home after you have worked your whole life to pay for it – lose your home, and be pushed out for a couple of thousand dollars a year. I personally think that is un-American. We were not able to do that today; I am sorry about that.

As much as I want to vote for something that takes some of the burden off of elderly seniors and young folks trying to get a start, I cannot, in good conscience, vote for this bill unless there is something to control the spending. Until we control the spending, we cannot solve this equation.

I urge your support of this amendment as a vehicle to control the spending of our school districts and get us on the right track to then controlling property taxes in the Commonwealth. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—88

Argall	Fairchild	Kula	Rapp
Baker	Gabig	Mackereth	Raymond
Barrar	Galloway	Mahoney	Readshaw
Bastian	George	Major	Reed
Bear	Gillespie	Mantz	Reichley
Benninghoff	Gingrich	Marshall	Roae
Boback	Godshall	Marsico	Rock
Boyd	Goodman	McIlhattan	Rohrer
Brooks	Grell	Mensch	Schroder
Caltagirone	Harhart	Metcalfe	Seip
Cappelli	Harris	Millard	Smith, S.
Causar	Helm	Moul	Sonney
Civera	Hennessey	Mustio	Steil
Clymer	Hershey	Nailor	Stern
Conklin	Hess	Nickol	Stevenson
Cox	Hickernell	Payne	Swanger
Creighton	Hornaman	Perry	Taylor, J.
Cutler	Hutchinson	Perzel	True
Denlinger	Kauffman	Phillips	Turzai
DePasquale	Keller, M.	Pickett	Vereb
Ellis	Kessler	Pyle	Vulakovich
Everett	King	Quigley	Yewic

NAYS—107

Bennington	Grucela	Miller	Scavello
Beyer	Haluska	Milne	Shapiro
Bianucci	Hanna	Moyer	Shimkus
Brennan	Harhai	Mundy	Smith, K.
Buxton	Harkins	Murt	Smith, M.
Carroll	Harper	Myers	Solobay
Casorio	James	O'Brien, M.	Staback
Cohen	Josephs	O'Neill	Stairs
Costa	Keller, W.	Oliver	Sturla
Cruz	Kenney	Pallone	Surra
Curry	Killion	Parker	Taylor, R.
Daley	Kirkland	Pashinski	Thomas
Dally	Kortz	Payton	Vitali
DeLuca	Kotik	Peifer	Wagner
Dermody	Leach	Petrarca	Walko
DeWeese	Lentz	Petri	Wansacz
DiGirolamo	Levdansky	Petrone	Waters
Donatucci	Longietti	Preston	Watson
Eachus	Maher	Quinn	Wheatley
Evans, D.	Manderino	Ramaley	White
Fabrizio	Mann	Roebuck	Williams
Fleck	Markosek	Ross	Wojnaroski
Frankel	McCall	Rubley	Youngblood
Freeman	McGeehan	Sabatina	Yudichak
Geist	McI. Smith	Sainato	
Gerber	Melio	Samuelson	O'Brien, D., Speaker
Gergely	Micozzie	Santoni	
Gibbons			

NOT VOTING—0

EXCUSED—8

Adolph	Bishop	Evans, J.	Siptroth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. **METCALFE** offered the following amendment No. **A05307**:

Amend Title, page 1, line 1, by striking out "and"  
Amend Title, page 1, line 2, by removing the period after "Fund" and inserting  
; and making a related repeal.  
Amend Bill, page 4, by inserting between lines 28 and 29

CHAPTER 6  
PUBLIC REFERENDUM REQUIREMENTS  
FOR INCREASING CERTAIN TAXES

Section 601. Applicability.

This chapter shall apply to each board of school directors beginning with any proposed tax increase that takes effect in the 2008-2009 fiscal year and each fiscal year thereafter.

Section 602. Prohibitions.

Except as provided under section 604, no school district may implement or increase a tax levied for the support of public schools without first obtaining the approval of the electorate of the affected school district in a referendum at the primary election immediately preceding the fiscal year of the proposed tax or tax increase.

Section 603. Disapproval.

Whenever the electorate fails to approve the proposed referendum question to implement a tax or increase the rate of a tax levied for the support of public schools, the school district shall be limited to the taxes and rates in effect prior to the referendum.

Section 604. Referendum exception.

The following shall apply:

(1) No referendum shall be required under section 602

if:

(i) there is an immediate threat of serious physical harm or injury to the students, staff or residents of the school district; and

(ii) the court of common pleas in the judicial district in which the school district is located approves the referendum exception.

(2) The court shall determine the appropriate duration of the tax imposition or increase and may retain continuing jurisdiction. The court may, on its own motion or on petition of an interested party, revoke approval for or order rescission of a tax increase imposed under this section.

Section 605. Standing.

A person shall have standing as a party to a proceeding under this chapter as long as the person resides within or pays earned income taxes to the taxing jurisdiction of the school district instituting the action.

Amend Bill, page 10, by inserting between lines 4 and 5

Section 5201. Repeal.

(a) Intent.—The General Assembly declares that the repeal under subsection (b) is necessary to effectuate the addition of Chapter 6.

(b) Repeal.—Section 333 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, is repealed.

Amend Sec. 5201, page 10, line 5, by striking out "5201" and inserting

5202

On the question,  
Will the House agree to the amendment?

The **SPEAKER** pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Metcalfe.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, amendment 5307 is similar to the previous amendment, although different. This would provide for a voter referendum for the voters of Pennsylvania when they would have any tax increase that would be anticipated or projected, proposed by their local school districts, that they would be required to put that up for a vote before the voters to have it approved unless it was an emergency situation that you had a threat to the safety of the students or the staff or the residents.

So this would provide for a voter referendum for any tax increases at the local level with the exceptions for a threat of safety.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—33

Baker	Ellis	Millard	Rock
Bastian	Everett	Mustio	Rohrer
Benninghoff	Gabig	Perry	Schroder
Boback	Hutchinson	Pickett	Smith, S.
Causer	Kauffman	Pyle	Stevenson
Cox	Kessler	Quigley	Swanger
Creighton	Major	Rapp	True
Cutler	Metcalfe	Roae	Yewcic
Denlinger			

NAYS—162

Argall	Gibbons	Markosek	Ross
Barrar	Gillespie	Marshall	Rubley
Bear	Gingrich	Marsico	Sabatina
Bennington	Godshall	McCall	Sainato
Beyer	Goodman	McGeehan	Samuelson
Bianucci	Grell	McI. Smith	Santoni
Boyd	Grucela	McIlhattan	Scavello
Brennan	Haluska	Melio	Seip
Brooks	Hanna	Mensch	Shapiro
Buxton	Harhai	Micozzie	Shimkus
Caltagirone	Harhart	Miller	Smith, K.
Cappelli	Harkins	Milne	Smith, M.
Carroll	Harper	Moul	Solobay
Casorio	Harris	Moyer	Sonney
Civera	Helm	Mundy	Staback
Clymer	Hennessey	Murt	Stairs
Cohen	Hershey	Myers	Steil
Conklin	Hess	Nailor	Stern
Costa	Hickernell	Nickol	Sturla
Cruz	Hornaman	O'Brien, M.	Surra
Curry	James	O'Neill	Taylor, J.
Daley	Josephs	Oliver	Taylor, R.
Dally	Keller, M.	Pallone	Thomas
DeLuca	Keller, W.	Parker	Turzai
DePasquale	Kenney	Pashinski	Vereb
Dermody	Killion	Payne	Vitali
DeWeese	King	Payton	Vulakovich
DiGirolamo	Kirkland	Peifer	Wagner
Donatucci	Kortz	Perzel	Walko
Eachus	Kotik	Petrarca	Wansacz
Evans, D.	Kula	Petri	Waters
Fabrizio	Leach	Petrone	Watson
Fairchild	Lentz	Phillips	Wheatley
Fleck	Levdansky	Preston	White
Frankel	Longietti	Quinn	Williams
Freeman	Mackereth	Ramaley	Wojnaroski
Galloway	Maher	Raymond	Youngblood

Geist	Mahoney	Readshaw	Yudichak
George	Manderino	Reed	
Gerber	Mann	Reichley	O'Brien, D.,
Gergely	Mantz	Roebuck	Speaker

NOT VOTING—0

EXCUSED—8

Adolph	Bishop	Evans, J.	Siptroth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. METCALFE offered the following amendment No. **A05312:**

Amend Title, page 1, line 1, by striking out "and"  
Amend Title, page 1, line 2, by removing the period after "Fund" and inserting  
; and providing for school district budget election.  
Amend Bill, page 10, by inserting between lines 2 and 3

CHAPTER 13

SCHOOL DISTRICT BUDGET ELECTION

Section 1301. School budget election.

Notwithstanding any law, rule or regulation to the contrary, the electors of each school district shall vote upon the appropriation of the necessary funds to meet the estimated expenditures in the electors' school district at the primary election immediately preceding the proposed budget implementation.

Section 1302. Responsibility of board of school directors to prepare budgets.

(a) Presentation.—The board of school directors of each school district shall present its preliminary budget proposal under section 311 of the Taxpayer Relief Act at a public hearing held no more than 14 days nor less than seven days before the school budget election established in section 1301.

(b) Contents.—The preliminary proposed budget shall be written in plain language with categories of revenues, expenditures and fund balance information, as well as comparison data from the prior year's budget, set forth in such a manner as to best promote comprehension and readability.

(c) Salary information.—A board of school directors shall attach to the preliminary budget proposal the salaries, benefits and any in-kind or other form of compensation of the superintendent, assistant or associate superintendent and any administrator or employee of the school district who will earn more than \$97,000 in the upcoming year.

(d) Report card.—A board of school directors shall also attach to the preliminary budget proposal an annual report card prepared by the department which measures the academic performance of the district on a school-by-school basis. The report card must compare academic performance to Statewide averages for all schools of comparable wealth, size and need.

(e) Notice.—A board of school directors shall notify the electors of school districts of the time and place of the public hearing in accordance with the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law.

(f) Procedure.—The published notice shall appear four times within the seven weeks preceding the public hearing. The first publication shall be at least 45 days before the hearing. The notice shall appear in two newspapers, if there are two, having general circulation within the school district. When no newspaper has general circulation

therein, the notice shall be posted in at least 20 of the most public places in the district 45 days before the date of the hearing. The notice of the hearing shall state the time and location of the hearing.

(g) Proposal available to public.—A board of school directors shall be required to have the preliminary budget proposal available upon request to residents within the school district seven days before the public hearing. As part of the notice of the hearing under subsection (e), the board of school directors shall inform electors where to obtain a copy of the budget and provide a time and place where preliminary budget proposals shall be available.

Section 1303. Adoption of budget.

The school district budget shall be presented to the electors for their approval. If the voters fail to approve the budget, the board of school directors must adopt the previous year's approved budget as a conditional budget.

Section 1304. Total expenditures not to exceed budget appropriations.

A school district shall maintain its expenditures within legally authorized appropriations as approved by the electors of the school district.

Section 1305. Internal controls.

When administering a conditional budget, school districts must implement and maintain controls whereby appropriations and actual expenditures shall be monitored for compliance. The school district may be required to present evidence that these monitoring controls are in place and operating as designed. Controls may be integrated into existing accounting and reporting systems or built onto existing systems, such as through the use of spreadsheets or database applications software.

On the question,  
Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, the Chair recognizes the gentleman from Butler County, Mr. Metcalfe.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, this was a backup amendment in case the previous amendment failed, which it did. But the votes that we garnered for the previous amendment – the majority of Pennsylvanians want the opportunity to say yes or no when their school districts are proposing tax increases, Mr. Speaker.

This amendment, amendment 5312, would provide that during the election, immediately preceding the adoption of a school district budget, that the voters would have a chance to vote on that budget, whether or not to accept or deny the adoption of that budget, Mr. Speaker.

Mr. Speaker, if the members of the General Assembly are not willing to allow voters to vote on the tax increases being proposed, maybe they would allow the taxpayers, who actually own the public school system, to actually vote on the budgets that are being proposed by their school district. I know some of the members' concerns that they had raised – with health-care costs escalating and with the other costs that are associated with running a school district – that they had some concern that the voters would say no to a tax increase that was needed. But in this way, the voters would have a chance to understand a little bit more thoroughly what was in the budget and why it was driving the tax increase and be able to say yes or no to that budget. Mr. Speaker.

I would ask for an affirmative vote.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—16

Baker	Creighton	Hutchinson	Pickett
Benninghoff	Everett	Major	Rapp
Boback	Fairchild	Metcalfe	Roae
Causer	Gabig	Perry	Schroder

NAYS—179

Argall	Gillespie	McCall	Rubley
Barrar	Gingrich	McGeehan	Sabatina
Bastian	Godshall	McI. Smith	Sainato
Bear	Goodman	McIlhattan	Samuelson
Bennington	Grell	Melio	Santoni
Beyer	Gruclera	Mensch	Scavello
Bianucci	Haluska	Micozzie	Seip
Boyd	Hanna	Millard	Shapiro
Brennan	Harhai	Miller	Shimkus
Brooks	Harhart	Milne	Smith, K.
Buxton	Harkins	Moul	Smith, M.
Caltagirone	Harper	Moyer	Smith, S.
Cappelli	Harris	Mundy	Solobay
Carroll	Helm	Murt	Sonney
Casorio	Hennessey	Mustio	Staback
Civera	Hershey	Myers	Stairs
Clymer	Hess	Nailor	Steil
Cohen	Hickernell	Nickol	Stern
Conklin	Hornaman	O'Brien, M.	Stevenson
Costa	James	O'Neill	Sturla
Cox	Josephs	Oliver	Surra
Cruz	Kauffman	Pallone	Swanger
Curry	Keller, M.	Parker	Taylor, J.
Cutler	Keller, W.	Pashinski	Taylor, R.
Daley	Kenney	Payne	Thomas
Dally	Kessler	Payton	True
DeLuca	Killion	Peifer	Turzai
Denlinger	King	Perzel	Vereb
DePasquale	Kirkland	Petrarca	Vitali
Dermody	Kortz	Petri	Vulakovich
DeWeese	Kotik	Petrone	Wagner
DiGirolamo	Kula	Phillips	Walko
Donatucci	Leach	Preston	Wansacz
Eachus	Lentz	Pyle	Waters
Ellis	Levdansky	Quigley	Watson
Evans, D.	Longiotti	Quinn	Wheatley
Fabrizio	Mackereth	Ramaley	White
Fleck	Maher	Raymond	Williams
Frankel	Mahoney	Readshaw	Wojnaroski
Freeman	Manderino	Reed	Yewcic
Galloway	Mann	Reichley	Youngblood
Geist	Mantz	Rock	Yudichak
George	Markosek	Roebuck	
Gerber	Marshall	Rohrer	O'Brien, D., Speaker
Gergely	Marsico	Ross	
Gibbons			

NOT VOTING—0

EXCUSED—8

Adolph	Bishop	Evans, J.	Siproth
Belfanti	Blackwell	Saylor	Tangretti

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. **SAINATO** offered the following amendment No. **A05380**:

Amend Title, page 1, line 2, by inserting after "Income" and Sales and Use

Amend Sec. 102, page 1, line 14; page 2, lines 1 through 3, by striking out all of said lines on said pages

Amend Sec. 102, page 2, lines 6 through 8, by striking out all of said lines

Amend Sec. 102, page 2, line 11, by inserting after "Income" and Sales and Use

Amend Chapter Heading, page 2, line 29, by inserting after "INCOME"

AND SALES AND USE

Amend Sec. 301, page 3, line 2, by inserting after "Income" and Sales and Use

Amend Sec. 507, page 4, line 27, by striking out "Property Tax Relief Fund" and inserting fund

Amend Sec. 703, page 5, lines 29 and 30; page 6, lines 1 through 30; page 7, lines 1 through 23, by striking out all of said lines on said pages and inserting

(1) Calculate the total number of property owners in this Commonwealth eligible for a homestead or farmstead exclusion.

(2) Divide the total certified under section 701(b) by the sum under paragraph (1).

(3) Allocate to each school district the amount calculated under paragraph (2) multiplied by the number of property owners resident within the school district eligible for a homestead or farmstead exclusion.

On the question,

Will the House agree to the amendment?

The **SPEAKER** pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Sainato.

Mr. **SAINATO**. Thank you, Mr. Speaker.

My amendment is pretty straightforward, and I advise the members to look at the sheet to see what your school districts are getting. Pretty much what my amendment says is every property owner in the State of Pennsylvania gets the same amount of money. According to our figures, it is \$510 per property owner. There are many property owners that are below that. So if you are below that, you would be getting a lot less than what the average.

What I believe, Mr. Speaker, and when you look at this proposal, you are going to raise the sales tax a half a point and the income tax .22. Whether you purchase a car in Lawrence County or Philadelphia County or Allegheny County or anywhere in the State, you are paying that same increased sales tax. When you are earning money, you are paying the same increased income tax. So why should a property owner in my area get hundreds of dollars less than a property owner somewhere else in the State? This is not based on property taxes, Mr. Speaker. This is based on raising the sales tax a half a point.

So I believe everyone should be treated equal throughout the State of Pennsylvania, and that is what my amendment pretty much says. And you have some school districts that are getting \$1,000, \$1200, and you have other school districts that are getting \$300, \$400. So I would recommend that the members look at that sheet and see what your school districts are getting, because if you do not support this amendment and your school district is getting \$300, you are shortchanging your school

district. For those that are getting more, you have got to do what you think is right for your district.

For me, this is a fairness issue, Mr. Speaker. A half a point on the sales tax is the same anywhere in this State so why should your constituents get less back than those who are in a county that is getting more? That is really all, Mr. Speaker.

Thank you.

The **SPEAKER** pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Nickol.

Mr. **NICKOL**. Thank you, Mr. Speaker.

Would the gentleman kindly consent to interrogation?

The **SPEAKER** pro tempore. The gentleman has agreed, and you may proceed.

Mr. **NICKOL**. I am trying to understand the effect of your amendment, and you referred to the sheet. Is that the sheet on HB 1600, PN 2811, as amended by A05301, that was distributed in our caucus?

Mr. **SAINATO**. Hold on one second, Mr. Speaker.

The sheet I have is revised January 28, 2008, at 4:40 p.m. It is as amended. HB 1489 as amended.

Mr. **NICKOL**. Okay.

Mr. **SAINATO**. And HB 1600 as amended.

Mr. **NICKOL**. I am told it is the same one; although it may be different, the numbers are the same.

Mr. **SAINATO**. Okay.

Mr. **NICKOL**. As I look down this sheet on the first page, I guess I am trying to look for what you are looking at. I see that, for example, on the first page that, under this proposal, HB 1600, residents of Clairton School District would get a 138.5-percent reduction of residential property tax, under the amendment, or \$744. Whereas, residents of Quaker Valley School District would receive only 11.5 percent or \$498.

So what you are saying is that instead of them getting different amounts or different percentages, everybody would get the same regardless of what school district you get?

Mr. **SAINATO**. Yes. Everyone would get \$510 no matter where you live. I am looking at the sheet. If you are just looking at page 1 where it starts with Adams and then goes to Allegheny is that—

Mr. **NICKOL**. Yes.

Mr. **SAINATO**. Okay. The first one is Bermudian Springs, it is \$487. Conewago Valley is \$428. The last column, Mr. Speaker.

Mr. **NICKOL**. So as presently presented, there are ranges of — and I am not sure how you get to this — but a 172-percent reduction in some school districts and 10 percent in other districts as the proposed, and you are just trying to equalize it—

Mr. **SAINATO**. Yes.

Mr. **NICKOL**. —so everybody gets the same amount?

Mr. **SAINATO**. What I am doing, Mr. Speaker, is just giving every property owner in the State of Pennsylvania the same rebate.

Mr. **NICKOL**. Okay.

Mr. **SAINATO**. No matter where you live, so when you look at this sheet, you have some that are getting \$200 and \$300 and some that are getting \$1,000. But the amount of money that you are paying in, you are paying the— If I buy a car for \$30,000 and you, Mr. Speaker, buy a car for \$30,000, we are both paying \$150 in sales tax.

Mr. **NICKOL**. Thank you, Mr. Speaker.

Mr. **SAINATO**. Okay.

Mr. **NICKOL**. I understand the amendment better now.

Mr. SAINATO. Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman.

The Chair recognizes the gentleman, Mr. Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Although I truly respect the maker of this amendment, Representative Sainato, what this bill, what we are trying to accomplish here with 1600, what we are trying to accomplish is to go back and address the needs of the school districts that were not receiving the proper dollars. So in essence, in some cases that \$500 that the Representative is referring to, can be much, much more than that 50 percent by law that we are allowed to give.

We are addressing here to go back and deal with equity where school districts, the growing school districts – especially across the Commonwealth for the last 15 or 20 years that have been having huge spikes in property tax – are getting a better share of this. It depends on what you are paying. If you are not paying out a huge number, how could we turn around and hand you \$500? It is not fair. It is not fair to the districts that are paying more money. And that is what we are trying to do here is deal with the equity issue.

So I urge the members for a "no" vote.

The SPEAKER pro tempore. The Chair thanks the gentleman.

Seeing no one else seeking recognition— Mr. Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, let me try to clarify what this amendment does and why, notwithstanding my respect for my colleague on the Finance Committee, I think this is a little bit of a wrong approach to take in distributing property tax relief and why. Here is why: Not all school districts are equal. Property values are not equal in all 501 school districts. Household income is not equal in all school districts. And when the State provides aid to basic education, we recognize that there are differences in market values of homes and differences in household incomes, and we look at that local wealth and we expect them to make a serious— We try to measure their local effort that taxpayers in a school district make towards financing their public schools, and we have a formula that recognizes that. That is why we have an aid ratio, and equalized mills.

And under this amendment, you would give every homeowner in every school district across the State the same amount of reduction in property taxes. Say you live in a school district where the average household income is \$35,000. Say you get \$35,000, the average household income, you get the 500 and some dollars in property tax relief. You could go somewhere else, into another school district where the average household income could be \$135,000, and in terms of the aid ratio – maybe they are making less of an effort in that wealthier school district to raise local revenue to support their public schools – but we are going to give them the same amount of property tax reductions.

I think it is important that we drive out property tax relief that recognizes the difference between school districts in terms of their local effort to support their schools, there are differences in the household income across school districts in the State, so we have got a plan, I think, that we have worked together in a bipartisan fashion that drives the money out, I think in as fair and equitable manner as you can find. But just going to this average –everybody gets the same – does not recognize that some taxpayers in school districts make a

stronger effort and are shouldering a greater burden of financing their public schools right now, and when they are, then we ought to give them a little bit more of property tax relief because they have borne that burden over time.

So it is for that reason and regretfully, and regretfully for that reason I have to oppose this amendment.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Gabig.

Mr. DeWEESE. Mr. Speaker?

The SPEAKER pro tempore. The gentleman please suspend.

Mr. DeWeese.

### LEAVE OF ABSENCE

Mr. DeWEESE. Just a momentary administrative interruption.

Mr. Shapiro on leave temporary; Mr. SHAPIRO on leave temporary. Thank you.

The SPEAKER pro tempore. Thank you, Mr. DeWeese.

Without objection the gentleman, Mr. SHAPIRO, will be placed on leave.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER pro tempore. Mr. Gabig.

Mr. GABIG. Thank you, Mr. Speaker.

If I could interrogate the maker of the amendment.

The SPEAKER pro tempore. The gentleman has agreed. You may proceed.

Mr. GABIG. I want to thank the gentleman for his hard work in this area, a very important issue. However, I did not hear what the amendment did. Did you say that it gives every school district— Did you say that it gave everybody \$500 back? Did I hear that correct? Or just tell me what it does again in terms of numbers.

Mr. SAINATO. The number for this next fiscal year is \$510. Every property owner in the State of Pennsylvania will get \$510.

Mr. GABIG. Now, I have a sheet that was given, or a form that was given out by our caucus which shows how much money is going to come back in my school districts under Act 1—

Mr. SAINATO. Right.

Mr. GABIG. —under the sales tax increase under this bill, the PIT increase under this bill, the different funding sources, and then it gives you a total of all those in your school district, how much that is going to be. And is that what you are referring to? Are you referring to the total which would add up the gaming money—

Mr. SAINATO. Right.

Mr. GABIG. —and the PIT, and the sales tax increase and coming up with the \$510?

Mr. SAINATO. Yes, Mr. Speaker. If you look at the last column, that is the number I am coming up with, because that seems to be the number where the debate is. You would add up the slot revenue, the sales tax increase, and the PIT. So it would be the last column is where the \$510 would be.

Mr. GABIG. Okay. And then I have 2 years, I have F on ours— Ours might be very similar to yours.

Mr. SAINATO. Yes.

Mr. GABIG. It sounds like it is. But in the middle it has FY (fiscal year) '08-'09 and it has, and then the last column, you know, major column, is FY 2009 and 2010.

Mr. SAINATO. Right.

Mr. GABIG. And those numbers are slightly different, I guess, because we would be in the middle of the '08-'09 year. So that \$510, does that go into the '09-'10—

Mr. SAINATO. Hold on one second, Mr. Speaker.

Mr. GABIG. Okay.

Mr. SAINATO. Could I be at ease a second, Mr. Speaker?

The SPEAKER pro tempore. The House will be at ease temporarily.

Mr. SAINATO. Mr. Speaker, I thank you for bringing this to my attention because I think we have a little communication problem. I am reading the sheet for 2009-2010. The number has changed. When I was using the \$510 figure, that was 2008-2009, so I encourage all my colleagues to relook at your sheets. The figure for 2009-2010 is \$578. It is \$578, not \$510.

Mr. GABIG. Thank you, Mr. Speaker. That clarifies my question.

So for the middle column you had \$510 and for the full implementation in '09-'10, it goes up to \$578?

Mr. SAINATO. Yes. It is not the middle column; there are 2 separate years.

Mr. GABIG. Right. I am sorry. When I am talking about middle column, I am talking about the middle that has the '08-'09 and we have—

Mr. SAINATO. Okay.

Mr. GABIG. We add them all up. I have a slightly different thing than you do.

Mr. SAINATO. Okay.

Mr. GABIG. But I am talking about the '09-'10, where HB 1600 would be fully implemented, and with your amendment people should look at that very last column and if under the current 1600, if it is less than \$578 in your school districts, they are better off under your plan?

Mr. SAINATO. Right.

Mr. GABIG. If they are getting more than \$578 under the Levdaysky bill – the Levdaysky-Scavello bill I guess we will call it, since he seems to be very active here – then they go that way. Is that basically where we are?

Mr. SAINATO. That is basically where we are.

Mr. GABIG. Okay.

Mr. SAINATO. And that is the number. So I do appreciate your pointing out the '09-'10, because we got a second sheet on our side and I had two separate figures, so it is actually \$578.

Mr. GABIG. Okay. Thank you very much, Mr. Speaker, for that clarification.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Godshall.

The gentleman waives off. Thank you, Mr. Godshall.

Anyone else seeking recognition?

Seeing none, Mr. Sainato, for the second time.

Mr. SAINATO. Thank you, Mr. Speaker.

And I just once again say, I am looking at this issue maybe a little differently from my chairman, and I respect him very much, and he and Mr. Scavello put a great amount of time into the bill. I am just looking at this thing as if you are raising the sales tax a half a point, everybody is paying the same. If you are raising the PIT, everybody is paying the same, no matter where you live in Pennsylvania. So I believe that we should just be fair for everybody and we can deal with the funding formulas.

That should be another issue – where there is inequity in the State dealing with education.

This bill is dealing to try to provide property tax relief, and we are using one pot and moving it to another pot. We are just doing tax shifting here, Mr. Speaker. We are not— They are cutting some and raising others. So I believe if we are going to raise it, we should also distribute it equally.

So I would encourage people to look at the sheets, see where you do better, and I actually believe this is a fairer and more equitable solution.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,

Will the House agree to the amendment?

The following roll call was recorded:

#### YEAS—75

Baker	Fairchild	Mackereth	Rapp
Barrar	Gabig	Mahoney	Reed
Bastian	George	Major	Rock
Bear	Gibbons	Marsico	Rohrer
Biancucci	Gillespie	McIlhattan	Sabatina
Boback	Gingrich	Metcalfe	Sainato
Boyd	Goodman	Millard	Seip
Brooks	Grell	Miller	Solobay
Casorio	Haluska	Moul	Sonney
Causar	Hanna	Nailor	Staback
Cohen	Harhai	Nickol	Stevenson
Costa	Harhart	O'Neill	Surra
Cox	Hickernell	Pallone	Swanger
Creighton	Hornaman	Perry	True
Cutler	Hutchinson	Petrarca	Wansacz
DeLuca	Kauffman	Petrone	White
Denlinger	Keller, M.	Phillips	Wojnarowski
Ellis	Kula	Pyle	Yewcic
Everett	Longietti	Ramaley	

#### NAYS—118

Argall	Gergely	McGeehan	Rubley
Benninghoff	Godshall	McI. Smith	Samuelson
Bennington	Grucela	Melio	Santoni
Beyer	Harkins	Menscho	Scavello
Brennan	Harper	Micozzie	Schroeder
Buxton	Harris	Milne	Shimkus
Caltagirone	Helm	Moyer	Smith, K.
Cappelli	Hennessey	Mundy	Smith, M.
Carroll	Hershey	Murt	Smith, S.
Civera	Hess	Mustio	Stairs
Clymer	James	Myers	Steil
Conklin	Josephs	O'Brien, M.	Stern
Cruz	Keller, W.	Oliver	Sturla
Curry	Kenney	Parker	Taylor, J.
Daley	Kessler	Pashinski	Taylor, R.
Dally	Killion	Payne	Thomas
DePasquale	King	Payton	Turzai
Dermody	Kirkland	Peifer	Vereb
DeWeese	Kortz	Perzel	Vulakovich
DiGirolo	Kotik	Petri	Wagner
Donatucci	Leach	Pickett	Walko
Eachus	Lentz	Preston	Waters
Evans, D.	Levdansky	Quigley	Watson
Fabrizio	Maher	Quinn	Wheatley
Fleck	Manderino	Raymond	Williams
Frankel	Mann	Readshaw	Youngblood
Freeman	Mantz	Reichley	Yudichak
Galloway	Markosek	Roae	
Geist	Marshall	Roebuck	O'Brien, D., Speaker
Gerber	McCall	Ross	

## NOT VOTING—1

Vitali

## EXCUSED—9

Adolph	Blackwell	Saylor	Siptroth
Belfanti	Evans, J.	Shapiro	Tangretti
Bishop			

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. **RAMALEY** offered the following amendment No. **A05434**:

Amend Title, page 1, line 2, by striking out "Surcharge" and inserting

Surtax

Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

and for the Property Tax Fund.

Amend Sec. 102, page 2, by inserting between lines 16 and 17 "Resident-homeowner taxpayer." The owner of a dwelling primarily used as the domicile of the owner and such dwelling meets the definition of "homestead" as defined in 53 Pa.C.S. § 8401 (relating to definitions).

Amend Chapter Heading, page 2, line 29, by striking out all of said line and inserting

ESTABLISHMENT OF FUNDS

Amend Sec. 301, page 2, line 30, by striking out "Establishment." and inserting

Personal Income Tax Surtax Fund.

Amend Sec. 301, page 3, line 3, by striking out "Surcharge" and inserting

Surtax

Amend Bill, page 3, by inserting between lines 3 and 4 Section 302. Property Tax Fund.

(a) Establishment.—The Property Tax Fund is established as a separate fund in the State Treasury.

(b) Intent and goal.—It is hereby declared as the intent and goal of the General Assembly to create a property tax fund to provide property tax relief to resident-homeowners in this Commonwealth.

(c) Surplus.—For the fiscal year beginning July 1, 2008, and in any fiscal year thereafter in which the Secretary of the Budget certifies that there is a surplus in the General Fund, 50% of the surplus shall be deposited by the end of the next succeeding quarter into the Property Tax Fund.

(d) Other funds.—The General Assembly may at any time provide additional amounts from any funds available to the Commonwealth as an appropriation to the Property Tax Fund.

(e) Fund usage.—Money from the Property Tax Fund shall be used to reduce property taxes in this Commonwealth. At such time as the Property Tax Fund exceeds \$100,000,000, the Secretary of the Budget shall distribute all of such funds to public school districts as follows:

(1) The Department of Education and the Department of Revenue, utilizing county tax records, shall determine the number of resident-homeowner taxpayers in each school district.

(2) The Statewide aggregate total of resident-homeowner taxpayers shall be divided into the dollar amount available pursuant to this subsection.

(3) The result from paragraph (2) shall be multiplied by the number of resident-homeowner taxpayers in the school district to determine the amount of the payment to the school district.

(4) The Secretary of the Budget shall certify the amount due to each school district by certified mail and provide an affidavit, which shall be signed by the President of the District Board of Directors, agreeing that the funds received pursuant to this subsection shall be used to reduce the property taxes of resident-homeowners during the next immediate taxing cycle.

(f) Duties of the school district.—The school district shall mail with each tax bill, a letter:

(1) Explaining the reduction in property taxes.

(2) Stating that the reduction is for that tax year only and that the rate of taxing in the school district has not been reduced and that the reduction seen in the tax bill is due to a transfer of funds from the Commonwealth's Property Tax Fund.

(3) Stating that future reductions will be made only when the Property Tax Fund exceeds \$100,000,000 and that it may be more than one year for this threshold to be met.

(g) Limitation.—Nothing in this section shall be construed to prohibit a school district from participating in the provisions of the Taxpayer Relief Act.

Amend Sec. 302, page 3, line 4, by striking out "302" and inserting

303

Amend Sec. 302, page 3, line 5, by striking out "the fund" and inserting

these funds

Amend Sec. 504, page 4, lines 5 through 7, by striking out "The" in line 5 and all of lines 6 and 7

Amend Sec. 505, page 4, line 9, by striking out "by" and inserting

under

Amend Sec. 507, page 4, line 27, by striking out "Relief"

Amend Sec. 507, page 4, line 28, by inserting after "Treasury"

under this act

On the question,  
Will the House agree to the amendment?

## AMENDMENT WITHDRAWN

The **SPEAKER** pro tempore. Mr. Ramaley, are you withdrawing that amendment?

The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the bill on second consideration?

Mr. **PERZEL** offered the following amendment No. **A05305**:

Amend Title, page 1, line 1, by striking out "and"

Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

; providing for the elimination of property tax for older Pennsylvanians and for the transfer of certain funds; and making related repeals.

Amend Bill, page 10, by inserting between lines 2 and 3

CHAPTER 13

OLDER PENNSYLVANIANS  
PROPERTY TAX ELIMINATION

Section 1301. Legislative intent and purpose.

The General Assembly finds and declares as follows:

(1) The General Assembly, in recognition of the powers contained in section 2(b)(ii) of Article VIII of the Constitution of Pennsylvania, which provides for the establishment as a class or

classes of subjects of taxation on the property or privileges of persons who, because of poverty, are determined to be in need of special tax provisions, declares as its legislative intent and purpose to implement that power under that constitutional provision by establishing special tax provisions as provided under this chapter.

(2) The General Assembly, having determined that there are persons within this Commonwealth whose ages and incomes are such that imposition of a property tax on them would deprive them of the bare necessities of life, deems it to be a matter of public policy to provide special tax provisions for that class of persons to relieve their economic burden.

#### Section 1302. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Claimant." An individual who seeks assistance under section 1304.

"Department." The Department of Revenue of the Commonwealth.

"Household income." All income received by a claimant and the claimant's spouse while residing in the homestead during the calendar year for which a rebate is claimed.

"Program." The Property Tax Assistance Program.

"Property tax." A tax levied by a school district on real property.

#### Section 1303. Administration.

The department shall have the following powers and duties in the administration of this chapter:

(1) Implementing the program.

(2) Prescribing an application form under section 1304(c)(1)(i).

(3) Promulgating regulations to implement section 1304(c) and (d).

#### Section 1304. Program.

(a) Establishment.—The department shall establish the Property Tax Assistance Program to assist eligible claimants in the payment of school property taxes.

(b) Eligibility.—To be eligible to participate in the program, a claimant must comply with all of the following:

(1) Be over 65 years of age.

(2) Have an annual household income of not more than \$40,000.

(3) The claimant shall not have applied for or received a property tax rebate for school property taxes paid pursuant to Chapter 13 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

(c) Application.—The following shall apply:

(1) To participate in the program, a claimant shall submit to the department all of the following:

(i) An application on a form prescribed by the department establishing eligibility under subsection (b).

(ii) A copy of the school property tax bill for which assistance is sought.

(2) The material under paragraph (1) shall be submitted no later than 30 days after the issuance of the school property tax bill under paragraph (1)(ii).

(d) Determination.—The following shall apply:

(1) Within 15 days of receipt of an application under subsection (c), the department shall determine if the claimant is eligible or ineligible and shall notify the claimant of its determination.

(2) Failure to comply with the time requirement under paragraph (1) shall be deemed a determination of ineligibility.

(3) A determination of ineligibility under paragraph (1) or (2) shall be subject to 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action).

(e) Payment.—For each eligible claimant, the department shall pay the tax bill under subsection (c)(1)(ii) in whole from the Property Tax Relief Fund. Payment shall be mailed to the claimant and shall be made out to the school district or the tax collector for the school district, whichever applies, to which the claimant is liable for property taxes.

#### Section 1305. Transfers.

(a) Annual transfer.—The State Treasurer may transfer, to the extent necessary, up to \$50,000,000 annually from the State Lottery Fund established by the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, to the Property Tax Relief Fund for payment of claims under this chapter. This transfer shall represent the savings to the property tax and rent rebate program as a result of enactment of the program.

(b) Single transfer.—On the effective date of this section, the State Treasurer shall transfer any money in the Property Tax Relief Reserve Fund to the Property Tax Relief Fund.

#### Section 1306. Applicability.

This chapter shall apply to property taxes levied for the first fiscal year beginning after December 31, 2008, and each fiscal year thereafter.

Amend Bill, page 10, by inserting between lines 4 and 5

#### Section 5201. Repeals.

(1) The General Assembly declares that the repeal under paragraph (2) is necessary to effectuate Chapter 13.

(2) Sections 501, 502, 503(c), (d) and (e), 504 and 505 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, are repealed.

Amend Sec. 5201, page 10, line 5, by striking out "5201" and inserting

5202

On the question,

Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Perzel.

#### AMENDMENT WITHDRAWN

Mr. PERZEL. Mr. Speaker, could I get amendment No. 5339? I would like to withdraw the other amendment.

The SPEAKER pro tempore. The Chair has been advised that if you do not want to offer this at this time, we will have to jump to another member, Mr. Perzel.

Mr. PERZEL. Thank you, Mr. Speaker.

The SPEAKER pro tempore. And we could come back to you later.

Mr. PERZEL. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,

Will the House agree to the bill on second consideration?

Mr. SEIP offered the following amendment No. **A05510**:

Amend Title, page 1, line 1, by striking out "and"

Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

; and providing for local senior citizen property tax and rent rebates and for the powers and duties of the Department of Community and Economic Development.

Amend Bill, page 10, by inserting between lines 2 and 3

CHAPTER 13

LOCAL SENIOR CITIZEN  
PROPERTY TAX AND RENT REBATES

Section 1301. Scope of chapter.

This chapter authorizes local senior citizen property tax and rent rebates.

Section 1302. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Claimant." Any of the following who, during all or part of a calendar year in which real property taxes, rent and inflation costs were due and payable, files a claim for property tax rebate or rent rebate in lieu of property taxes and inflation dividend:

- (1) A person who was 65 years of age or older, or whose spouse, if a member of the household, was 65 years of age or older.
- (2) A widow or widower who was 50 years of age or older.
- (3) A permanently disabled person 18 years of age or older.

"Department." The Department of Community and Economic Development of the Commonwealth.

"Homestead." As defined under section 1303 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

"Household income." All income received by the claimant and the claimant's spouse while residing in the homestead during the calendar year for which a rebate and dividend are claimed.

"Income." Except for surplus food or other relief in kind supplied by a governmental agency or property tax, rent rebate or inflation dividend, all income from whatever source derived, including all of the following:

- (1) Salaries, wages, bonuses and commissions.
- (2) Income from self-employment.
- (3) Alimony, support money, cash public assistance and relief.
- (4) The gross amount of any pensions or annuities, including 50% of railroad retirement benefits.
- (5) Fifty percent of all benefits, except Medicare benefits, received under the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.).
- (6) All benefits received under State unemployment insurance laws and veterans' disability payments.
- (7) All interest received from the Federal or any state government, or any instrumentality or political subdivision thereof.
- (8) Realized capital gains.
- (9) Rentals.
- (10) Workers' compensation and the gross amount of loss of time, insurance benefits, life insurance benefits and proceeds except the first \$5,000 of the total of death benefit payments.
- (11) Gifts of cash or property, other than transfers by gift between members of a household, in excess of a total value of \$300.

"Local taxing authority." A political subdivision of the Commonwealth which shall include a municipality, township, county or school district.

"Owner." A person in possession under a contract of sale, deed of trust, life estate, joint tenancy or tenancy in common or by reason of states of descent and distribution.

"Permanently disabled person." A person who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to continue indefinitely.

"Program." A local senior citizen property tax and rent rebate program established by a local taxing authority.

"Real property taxes." All taxes on a homestead, except for municipal assessments, delinquent charges and interest, due and payable during a calendar year.

"Rent rebate in lieu of property taxes." Twenty percent of the gross amount actually paid in cash or its equivalent in any calendar year to a landlord in connection with the occupancy of a homestead by a claimant, irrespective of whether the amount constitutes payment solely for the right of occupancy or otherwise.

"Social Security Act." The Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.).

"Widow" or "widower." The surviving wife or the surviving husband of a deceased individual who has not remarried.

Section 1303. Authority.

(a) General rule.—

(1) A local taxing authority may establish a local senior citizen property tax and rent rebate program in accordance with this chapter or continue an existing program under subsection (b).

(2) A program established under this subsection shall expire one year from the date of establishment.

(b) Existing programs.—The General Assembly recognizes the authority of a local taxing authority to establish and operate a local senior citizens property tax and rent rebate program which is in existence on the effective date of this subsection.

(c) Prohibition.—No property tax or rent rebate may be issued by a local taxing authority except in conformity with subsection (a).

(d) Notification.—

(1) A local taxing authority shall inform all local taxpaying citizens of a program within 60 days of authorization of the program by the local taxing authority.

(2) In no case shall a school district notify local taxpaying citizens later than May 1 for a program that takes effect in the immediately following fiscal year.

(3) All other local taxing authorities shall notify local taxpaying citizens of a program by November 1 for a program that takes effect in the immediately following fiscal year.

(4) Notification shall include information regarding the following:

- (i) Eligibility for the program.
- (ii) The application process.
- (iii) Rebate amount.
- (iv) How the rebate will be provided to eligible claimants.

(e) Finding.—Prior to establishing a local senior citizen property tax and rent rebate program, a local taxing authority must make a finding that no increase in any taxes imposed by the local taxing authority will occur as a result of establishing and operating the program.

Section 1304. Property tax and rent rebate.

(a) Income eligibility and rebates.—Income eligibility and the maximum amount of property tax and rent rebates shall be determined by the local taxing authority as follows:

(1) The maximum annual household income for property tax rebates shall not exceed \$35,000, and the annual rebate may be any amount up to and including the amount of the maximum rebate under section 1304 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

(2) The maximum annual household income for rent rebates shall not exceed \$15,000, and the annual rebate may be any amount up to and including the amount of the maximum rebate under section 1304 of the Taxpayer Relief Act.

(b) Limits.—No claim shall be allowed if the amount of property tax or rent rebate computed in accordance with this section is less than \$10.

(c) Exemption.—No claim shall be allowed if the claimant is a tenant of an owner of real property exempt from real property taxes.

(d) Apportionment.—A local taxing authority shall apportion the real property taxes or rent in accordance with the period or degree of ownership or leasehold or eligibility of the claimant in determining the amount of rebate for which a claimant is eligible if any of the following apply:

(1) A homestead is owned or rented and occupied for only a portion of a year.

(2) A homestead is owned or rented in part by a person who does not meet the qualifications for a claimant, exclusive of any interest owned or leased by a claimant's spouse.

(3) A claimant is a widow or widower who remarries.

(4) A claimant is a permanently disabled person who is no longer disabled.

(e) Public assistance.—A claimant who receives public assistance from the Department of Public Welfare shall not be eligible for rent rebate in lieu of property taxes or an inflation dividend during those months during which the claimant receives public assistance.

(f) Rent.—Rent shall not include subsidies provided by or through a governmental agency.

#### Section 1305. Filing of claim.

A claim for property tax or rent rebate shall be filed with the local taxing authority on a date prescribed by the local taxing authority for the preceding calendar year in which real property taxes or rent was due and payable. Only one claimant from a homestead each year shall be entitled to the property tax or rent rebate and inflation dividend. If two or more persons are able to meet the qualifications for a claimant, they may determine who the claimant shall be. If they are unable to agree, the local taxing authority shall determine to whom the rebate is to be paid.

#### Section 1306. Proof of claim.

(a) Inclusion with claim.—Each claim shall include reasonable proof of household income, the size and nature of the property claimed as a homestead and the rent or tax receipt or other proof that the real property taxes on the homestead have been paid, or rent in connection with the occupancy of a homestead has been paid. If the claimant is a widow or widower, a declaration of such status in such manner as prescribed by the local taxing authority shall be included.

(b) Social Security determination.—Proof that a claimant is eligible to receive disability benefits under the Social Security Act shall constitute proof of disability under this chapter. No person who has been found not to be disabled by the Social Security Administration shall be granted a rebate or dividend under this chapter. A claimant not covered under the Social Security Act shall be examined by a physician designated by the local taxing authority and such status determined using the same standards used by the Social Security Administration.

(c) Time of payment.—It shall not be necessary that taxes or rent were paid directly by the claimant if the rent or taxes have been paid when the claim is filed.

(d) Age.—The first claim filed shall include proof that the claimant or the claimant's spouse was 65 years of age or older or 50 years of age or older in the case of a widow or widower, during the calendar year in which real property taxes or rent was due and payable.

#### Section 1307. Incorrect claim.

Whenever on audit of any claim the local taxing authority finds the claim to have been incorrectly determined, it shall redetermine the correct amount of the claim and notify the claimant of the reason of the redetermination and the amount of the corrected claim.

#### Section 1308. Funds for payment of claims.

Approved claims shall be paid from the local taxing authority's general fund.

#### Section 1309. Petition for redetermination.

Any claimant whose claim is either denied, corrected or otherwise adversely affected by the local taxing authority may file with the local taxing authority a petition for redetermination on forms supplied by the local taxing authority within 90 days after the date of mailing of written notice by the local taxing authority of the action. The local taxing authority shall, within six months after receiving a filed petition for redetermination, dispose of the matters raised by the

petition and mail notice of the local taxing authority's decision to the claimant.

#### Section 1310. Reporting.

Local taxing authorities shall report as follows:

(1) A local taxing authority shall notify the department of authorizing a program on a form prescribed by the department in section 1311(b).

(2) A school district shall notify the department by June 1 for a program that takes effect in the immediately following fiscal year.

(3) All other local taxing authorities shall notify the department by December 1 for a program that takes effect in the immediately following fiscal year.

#### Section 1311. Duties of department.

(a) Publication of list on Internet.—No later than 120 days after the effective date of this section, the department shall create and maintain a list of the names and Internet websites of all local taxing authorities that implement a program. The list shall be updated annually, shall be accessible to the public through the department's publicly accessible Internet website and may be organized to correspond with any existing database the department currently maintains. The list shall contain links to the local taxing authorities' official websites, if any, for further information.

(b) Development of form.—The department shall develop and prescribe a form for local taxing authorities to notify the department of programs.

(c) Report.—The department shall prepare a report on the use of local taxing authorities' programs 24 months after the effective date of this section and annually thereafter. The report shall be published on the department's publicly accessible Internet website. Notification of the report's publication shall be provided to the President pro tempore of the Senate, the Majority Leader of the Senate, the Minority Leader of the Senate, the chairman and minority chairman of the Aging and Youth Committee and the chairman and minority chairman of the Finance Committee of the Senate, the Speaker of the House of Representatives, the Majority Leader of the House of Representatives, the Minority Leader of the House of Representatives, the chairman and minority chairman of the Aging and Older Adult Services Committee and the chairman and minority chairman of the Finance Committee of the House of Representatives.

#### Section 1312. Increase in tax.

A local taxing authority may not increase any taxes imposed by the local taxing authority in order to fund property tax and rent rebates under this chapter.

On the question,

Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Seip.

Mr. SEIP. Thank you, Mr. Speaker.

This amendment allows the local taxing bodies to provide the same property tax and rent rebate program that the State already does. It does not provide any mandate on those entities to do so. It just gives them an opportunity to provide property tax relief for their constituents if they are able to.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,

Will the House agree to the amendment?

(Members proceeded to vote.)

**LEAVE OF ABSENCE**

The SPEAKER pro tempore. The Chair recognizes the majority whip, who requests a leave of absence for the gentleman, Mr. VITALI. Without objection, the leave will be so granted.

**CONSIDERATION OF HB 1600 CONTINUED**

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

**YEAS—188**

Argall	Geist	Markosek	Rock
Baker	George	Marshall	Roebuck
Barrar	Gerber	Marsico	Rohrer
Bear	Gergely	McCall	Ross
Benninghoff	Gibbons	McGeehan	Rubley
Bennington	Gillespie	McI. Smith	Sabatina
Beyer	Gingrich	McIlhattan	Sainato
Bianucci	Godshall	Melio	Samuelson
Boback	Goodman	Mensch	Santoni
Boyd	Grell	Millard	Scavello
Brennan	Grucela	Miller	Schroder
Brooks	Haluska	Milne	Seip
Buxton	Hanna	Moul	Shimkus
Caltagirone	Harhai	Moyer	Smith, K.
Cappelli	Harhart	Mundy	Smith, M.
Carroll	Harkins	Murt	Solobay
Casorio	Harper	Mustio	Sonney
Causer	Harris	Myers	Staback
Civera	Helm	Nailor	Stairs
Clymer	Hennessey	Nickol	Steil
Cohen	Hershey	O'Brien, M.	Stern
Conklin	Hess	O'Neill	Stevenson
Costa	Hickernell	Oliver	Sturla
Cox	Hornaman	Pallone	Surra
Creighton	Hutchinson	Parker	Swanger
Cruz	James	Pashinski	Taylor, J.
Curry	Josephs	Payne	Taylor, K.
Cutler	Kauffman	Payton	Thomas
Daley	Keller, M.	Peifer	True
Dally	Keller, W.	Perry	Turzai
DeLuca	Kenney	Perzel	Verab
Denlinger	Kessler	Petrarca	Vulakovich
DePasquale	King	Petri	Wagner
Dermody	Kirkland	Petrone	Walko
DeWeese	Kortz	Phillips	Wansacz
DiGirolamo	Kotik	Pickett	Waters
Donatucci	Kula	Preston	Watson
Eachus	Leach	Pyle	Wheatley
Ellis	Lentz	Quigley	White
Evans, D.	Levdansky	Quinn	Williams
Everett	Longietti	Ramaley	Wojnaroski
Fabrizio	Mackereth	Rapp	Yewcic
Fairchild	Maher	Raymond	Youngblood
Fleck	Mahoney	Readshaw	Yudichak
Frankel	Major	Reed	
Freeman	Manderino	Reichley	O'Brien, D., Speaker
Gabig	Mann	Roae	
Galloway	Mantz		

**NAYS—5**

Bastian	Metcalf	Micozzie	Smith, S.
Killion			

**NOT VOTING—0**

**EXCUSED—10**

Adolph	Blackwell	Shapiro	Tangretti
Belfanti	Evans, J.	Sipthroth	Vitali
Bishop	Saylor		

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question,  
Will the House agree to the bill on second consideration as amended?

Mr. KAUFFMAN offered the following amendment No. **A05503**:

Amend Title, page 1, line 1, by striking out "and"  
Amend Title, page 1, line 2, by removing the period after "Fund" and inserting  
; and repealing provisions relating to taxation by school districts.  
Amend Bill, page 10, by inserting between lines 4 and 5 Section 5201. Repeals.  
Subchapter C of Chapter 3 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, is repealed.  
Section 5202. Applicability.  
Section 5201 shall apply retroactively to June 27, 2006.  
Amend Sec. 5201, page 10, line 5, by striking out "5201" and inserting  
5203

On the question,  
Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, Representative Kauffman is recognized.

Mr. KAUFFMAN. Mr. Speaker, as we go through this process, a couple of years ago when Act 1 was enacted, the people of Pennsylvania could not have possibly figured out what we were going to attempt today because, of course, we cannot usually figure out what we are doing the day before we get here and do it. So they could not have had that foresight. But there are a very small number of districts, I believe under 10, who actually, in their desperation to find some kind of property tax relief, opted in to an earned income tax. It just so happens one of those happened to be in my district. I know there are several across the State.

This amendment simply would repeal that portion of Act 1 which allows that levying of the EIT, because of course, the overall legislation that we are looking at here today would allow a PIT, I believe, as Representative Levdansky has drafted it. So I just want to make sure that those residents who could not have predicted what we are going to do today do not get hit twice with higher income tax.

So that is the summation of my amendment, and I ask for an affirmative vote.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

## YEAS—115

Argall	Gerber	Marsico	Raymond
Baker	Gillespie	McI. Smith	Reed
Barrar	Gingrich	McIlhattan	Reichley
Bastian	Godshall	Mensch	Roae
Bear	Grell	Metcalfe	Rock
Benninghoff	Haluska	Micozzie	Rohrer
Beyer	Hanna	Millard	Ross
Boback	Harhart	Miller	Rubley
Boyd	Harper	Milne	Sainato
Brooks	Harris	Moul	Scavello
Buxton	Helm	Moyer	Schroder
Caltagirone	Hennessey	Murt	Smith, M.
Cappelli	Hershey	Mustio	Smith, S.
Causar	Hess	Nailor	Sonney
Civera	Hickernell	Nickol	Stairs
Clymer	Hornaman	O'Neill	Stern
Cox	Hutchinson	Pallone	Stevenson
Creighton	Kauffman	Payne	Swanger
Cutler	Keller, M.	Peifer	Taylor, J.
Dally	Kenney	Perry	True
Denlinger	Kessler	Perzel	Turzai
Dermody	Killion	Petrarca	Vereb
DiGirolo	Lentz	Petri	Vulakovich
Ellis	Longietti	Phillips	Wansacz
Everett	Mackereth	Pickett	Watson
Fairchild	Maher	Pyle	Yewcic
Fleck	Major	Quigley	
Gabig	Mantz	Quinn	O'Brien, D., Speaker
Geist	Marshall	Rapp	
George			

## NAYS—78

Bennington	Galloway	Markosek	Seip
Biancucci	Gergely	McCall	Shimkus
Brennan	Gibbons	McGeehan	Smith, K.
Carroll	Goodman	Melio	Solobay
Casorio	Grucela	Mundy	Staback
Cohen	Harhai	Myers	Steil
Conklin	Harkins	O'Brien, M.	Sturla
Costa	James	Oliver	Surra
Cruz	Josephs	Parker	Taylor, R.
Curry	Keller, W.	Pashinski	Thomas
Daley	King	Payton	Wagner
DeLuca	Kirkland	Petrone	Walko
DePasquale	Kortz	Preston	Waters
DeWeese	Kotik	Ramaley	Wheatley
Donatucci	Kula	Readshaw	White
Eachus	Leach	Roebuck	Williams
Evans, D.	Levdansky	Sabatina	Wojnaroski
Fabrizio	Mahoney	Samuelson	Youngblood
Frankel	Manderino	Santoni	Yudichak
Freeman	Mann		

## NOT VOTING—0

## EXCUSED—10

Adolph	Blackwell	Shapiro	Tangretti
Belfanti	Evans, J.	Siptroth	Vitali
Bishop	Saylor		

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration as amended?

Mr. **PETRI** offered the following amendment No. **A05316**:

Amend Sec. 102, page 1, line 14; page 2, line 1, by striking out all of said lines on said pages

Amend Sec. 102, page 2, lines 6 through 8, by striking out all of said lines

Amend Sec. 302, page 3, by inserting between lines 6 and 7 Section 303. Distribution.

All revenues in the fund shall be returned to school districts in the county in which the taxes were collected. The distribution shall be determined by the Secretary of Education, shall be distributed within the county on an equal per student basis and shall be used to fund homestead and farmland exclusions.

Amend Sec. 507, page 4, lines 27 and 28, by striking out "Property Tax Relief Fund" in line 27 and all of line 28 and inserting fund.

Amend Sec. 702, page 5, line 24, by striking out "703" and inserting

303

Amend Sec. 703, page 5, lines 25 through 30; pages 6 and 7, lines 1 through 30; page 8, lines 1 through 19, by striking out all of said lines on said pages

On the question,  
Will the House agree to the amendment?

The **SPEAKER** pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Petri.

Mr. **PETRI**. Thank you, Mr. Speaker.

This amendment provides that the new revenue from new tax be distributed in a way different than the formula. Essentially, the amendment takes the tax that is collected county by county and distributes it within that county on a per-student basis. This helps protect our growing school districts which are receiving less and less every year, as a percentage of their budget, to educate their students.

In my district, the delegation, the Bucks County delegation, did a survey. Eighty percent of the respondents insist that if we do any property tax relief at all, that that money go back to the county in which it is raised on a per-student basis. Believe me, your taxpayers at home know when they get 15 cents and 17 cents on the dollar they send to Harrisburg, that that is completely outrageous and unfair, and it is because we, as a legislature, have not changed the equity funding formula in years. But at least as to new tax revenue, it is time we pay attention to those growing school districts.

I ask for a vote in the affirmative.

The **SPEAKER** pro tempore. The Chair thanks the gentleman.

## LEAVE OF ABSENCE

The **SPEAKER** pro tempore. The Chair recognizes the minority whip, who requests a leave of absence for the gentleman, Mr. S. SMITH. Without objection, the leave will be so granted.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER pro tempore. On the amendment, anyone seeking recognition?

Seeing none— The Chair recognizes the gentleman, Mr. Levdansky.

Mr. LEVDANSKY. Mr. Speaker, let me be clear about this. What this amendment would do— Or let me phrase this as an interrogation for Representative Petri.

The SPEAKER pro tempore. Does the gentleman seek to interrogate the gentleman, Mr. Petri?

Mr. Petri has agreed, and you may proceed.

Mr. LEVDANSKY. Mr. Speaker, under this amendment, the revenue that is generated by the increase in the PIT – your amendment would drive that revenue out in the county in which the person resides. Is that correct?

Mr. PETRI. That is correct, Mr. Speaker.

Mr. LEVDANSKY. Does it make any alteration in the distribution of the sales and use tax revenue?

Mr. PETRI. No, it does not.

Mr. LEVDANSKY. So it just focuses on the PIT revenue?

Mr. PETRI. That is correct.

Mr. LEVDANSKY. Okay.

I would like to speak on the amendment.

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. LEVDANSKY. Under this amendment, this is essentially a version of the referendums that were held this past spring in local school districts across the State. And under the Act 1 go-further referendums that were conducted this past spring, the question was on the ballot at the local level asking taxpayers in our school districts, do you want to raise your local wage tax, or do you want to shift to a local PIT and raise your local wage and PIT to some level and use all of that additional revenue to lower your property taxes? And overwhelmingly – I think there were just maybe two or three school districts, less than a handful of school districts, did those referendums pass. So this past spring voters had a choice at the local level to raise their local PIT and use that money locally and keep it there, and they resoundingly said no in the referendums that were held this past spring.

Now, one of the messages that I got from the voters this spring, in terms of the rejection of the referendums, is they believe that property tax reform is something that needs to be addressed and solved at the State level, not at the local level. Under this amendment, essentially, we revert back to a local solution to a statewide problem. And I just do not think that that is fair, and I do not think that is effective, and let me tell you why I do not think it is fair.

We are part of a common wealth, a Commonwealth. We are 67 individual counties, but we are part of a Commonwealth to look out after the greater good of our State, and in so doing, we need to finance the programs of government, and we do that through broad-based taxes that are uniform across the State. We do that with the gas tax. We collect the gas tax statewide and we distribute it. We do not collect the gas tax in one county and keep all that gas tax revenue in that one county for their road and bridge and transportation needs. We do not do that. We collect it everywhere and we spread it out across the Commonwealth. The cigarette taxes. We do not collect cigarette taxes at the point of sale and say, well, all that cigarette tax revenue has to stay in that county. It should stay in that county

to finance their health-care needs. We do not say that. We collect the cigarette taxes everywhere and it comes to the Commonwealth Treasury in the Revenue Department through the collection mechanism, and we distribute that revenue across the State for the various programs that are funded by the Tobacco Fund. So we collect taxes on a statewide basis, and we drive them out on a statewide basis.

Under this amendment, you would raise the PIT, but you would keep that money just in that county. Well, if that were the case, then the next logical step would be people would want to keep their gas tax money in their own county. What else? I want to keep all of my PIT in my home county. How about since Allegheny County is the home of a lot of corporations, let us keep all the business taxes that are collected in Allegheny County to be spent on State programs in Allegheny County?

No, we are part of a common wealth, and the idea is to commonly address problems and to commonly fund the programs that we need across the State. And so for those reasons and in the interest of fairness – just absolute fairness – I would urge a "no" vote on this amendment.

The SPEAKER pro tempore. The Chair thanks the gentleman.

**LEAVE OF ABSENCE CANCELED**

The SPEAKER pro tempore. The Chair notes the presence on the floor of the House of the gentleman, Mr. Belfanti, and he will be added to the master roll.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Although I do understand the issue that Representative Petri brings up with his amendment – I am one of those growing school districts as well and feel the pain that his county is feeling as well. And just to go back to some of the comments made by Representative Levdansky, the gentleman, Mr. Levdansky – he spoke about the fact that the Commonwealth is sharing those dollars across the Commonwealth. The legislation that we have in front of us, and the distribution that is in front of us, addresses equity. It might not be the best – I am sure there could be better formulas out there. However, at this particular time and place, we have a distribution formula that we passed here in this House a year and a half ago that went over to the Senate. We passed it in the House. It went over to the Senate. The only difference was we did not expand the base in this formula. This is what the Senate had a problem with the last time around.

So I am asking the members for a "no" vote on this. We know that this bill passed once before. We would like to continue to try to move it by.

Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman.

**LEAVE OF ABSENCE**

The SPEAKER pro tempore. The Chair recognizes the minority whip, who requests a leave of absence for the gentleman, Mr. REICHLEY. Without objection, the leave will be so granted.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER pro tempore. Seeing no one else seeking recognition, the Chair recognizes the gentleman, Mr. Petri, for the second time.

Mr. PETRI. Thank you, Mr. Speaker.

I know that many members right now are looking for some sort of spreadsheet or the like to show them their numbers. It is very, very simple. And I think Representative Levdansky, in his comments, keyed in on some things, and he used the term "redistribution of wealth." What he is talking about is the wealth from sales tax that is collected in your districts and he wants to redistribute it among the State including Allegheny County, and I do not blame him. If I represented Allegheny County, I am sure I would make the same argument.

Mr. Speaker, it is very simple. If you currently receive in your school district 17 cents, 15 cents of every dollar you send back, anything less than the statewide average – and that is most of us in this room – you want to vote for this amendment. You want to finally return new revenue to your school districts. I am not trying to redistribute the money that is already out there in the schools. I am not trying to hurt any school district, but it is time our school districts stop bleeding at your expense. We want to pay for our own way, directly, in our own schools.

Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentlelady, Ms. Mundy.

Ms. MUNDY. Thank you, Mr. Speaker.

I think the Petri amendment is interesting in that we are educating the Commonwealth's children – all of them – and we need to provide an adequate education for all of the Commonwealth's children. Because I would daresay that there are many people who are educated in Luzerne County who end up working for the companies that reside and are located in Bucks County.

We are not a Commonwealth that segregates our resources. We need to educate all of Pennsylvania's children to the best of our ability because they do not all stay where they live and where they are educated. Hopefully they will be mobile. Hopefully they will find better opportunities in other places.

This is a very narrow-minded and parochial amendment. I would hope that we could defeat it.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the lady.

Anyone else seeking recognition on the Petri amendment?

Seeing none, the question recurs, will the House adopt the amendment?

On the question recurring,

Will the House agree to the amendment?

The following roll call was recorded:

**YEAS—56**

Barrar	Gabig	Killion	Payne
Bastian	Galloway	King	Perry
Bear	Gillespie	Mackereth	Petri
Benninghoff	Gingrich	Maher	Quinn
Boyd	Godshall	Marsico	Rock
Civera	Grell	Melio	Ross
Clymer	Harhart	Metcalfe	Rubley
Cox	Harper	Miller	Schroder
Creighton	Helm	Milne	Steil
Cutler	Hennessey	Moyer	True
Dally	Hershey	Murt	Turzai
Denlinger	Hickernell	Mustio	Vereb
DiGirolamo	Kauffman	Nailor	Vulakovich
Ellis	Keller, M.	O'Neill	Watson

**NAYS—136**

Argall	George	McGeehan	Sainato
Baker	Gerber	McI. Smith	Samuelson
Belfanti	Gergely	McIlhattan	Santoni
Bennington	Gibbons	Mensch	Scavello
Beyer	Goodman	Micozzie	Seip
Bianucci	Grucela	Millard	Shimkus
Boback	Haluska	Moul	Smith, K.
Brennan	Hanna	Mundy	Smith, M.
Brooks	Harhai	Myers	Solobay
Buxton	Harkins	Nickol	Sonney
Caltagirone	Harris	O'Brien, M.	Staback
Cappelli	Hess	Oliver	Stairs
Carroll	Hornaman	Pallone	Stern
Casorio	Hutchinson	Parker	Stevenson
Causer	James	Pashinski	Sturla
Cohen	Josephs	Payton	Surra
Conklin	Keller, W.	Peifer	Swanger
Costa	Kenney	Perzel	Taylor, J.
Cruz	Kessler	Petrarca	Taylor, R.
Curry	Kirkland	Petrone	Thomas
Daley	Kortz	Phillips	Wagner
DeLuca	Kotik	Pickett	Walko
DePasquale	Kula	Preston	Wansacz
Dermody	Leach	Pyle	Waters
DeWeese	Lentz	Quigley	Wheatley
Donatucci	Levdansky	Ramaley	White
Eachus	Longiotti	Rapp	Williams
Evans, D.	Mahoney	Raymond	Wojnaroski
Everett	Major	Readshaw	Yewcic
Fabrizio	Manderino	Reed	Youngblood
Fairchild	Mann	Roae	Yudichak
Fleck	Mantz	Roebuck	
Frankel	Markosek	Rohrer	O'Brien, D., Speaker
Freeman	Marshall	Sabatina	
Geist	McCall		

**NOT VOTING—0**

**EXCUSED—11**

Adolph	Evans, J.	Shapiro	Tangretti
Bishop	Reichley	Siptroth	Vitali
Blackwell	Saylor	Smith, S.	

Less than the majority having voted in the affirmative, the question was determined in the negative and the amendment was not agreed to.

On the question recurring,

Will the House agree to the bill on second consideration as amended?

Mr. ARGALL offered the following amendment No. A05364:

Amend Bill, page 9, by inserting between lines 25 and 26  
CHAPTER 10

SCHOOL DISTRICTS

Section 1001. School districts lying in more than one county or in more than one municipality; limitation on total tax revenues.

(a) General rule.—Whenever a school district shall lie in more than one county, the total taxes levied on real estate within the school district in each county shall be subject to:

(1) the limitation that the ratio which such total taxes bears to the most recent valuation of the same properties by the State Tax Equalization Board shall be uniform in all of the counties, and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such uniformity; or

(2) as an alternative to the method provided in paragraph (1) or (3), whenever a school district shall lie in more than one county the board of assessment and revision of taxes in any of the counties or all of the counties in which the school district is located shall, at the request of the school directors of the district, furnish the market value of each parcel of property on the tax roll required to be furnished to the school directors under any assessment law of the Commonwealth. The market value of each parcel shall be:

(i) the quotient of the assessed value divided by the latest ratio of assessed value to market value in the municipality as determined by the State Tax Equalization Board.

(ii) at the option of the school district, the market value of each parcel shall be the quotient of the assessed value divided by the latest ratio of assessed value to market value as determined by the State Tax Equalization Board in the aggregate of all municipalities of the school district within the county.

(iii) at the option of the school district where there are two or more ratios of assessed value to market value, the school directors of that school district shall select the lowest of the ratios for a uniform assessed value to market value throughout the school district.

(iv) at the option of the school district where such school district is located in a home rule county, the school directors of that school district may use the county assessments. Under this paragraph, the school directors shall set a tax rate based upon a percentage not exceeding 75% of such market values which shall be uniform throughout the district.

(3) as an alternative to the methods provided in paragraphs (1) and (2), whenever a school district shall lie in more than one county, the school directors of the district may set the millage at a uniform rate for the entire district if the counties are assessed at 100% of the market value and the counties are using the same base year for assessed value and market value.

(b) Equalization.—In the event a school district or part thereof located within one county is composed of two or more municipal governments at least one of which levies property taxes upon assessments made for county tax purposes and at least one of which utilizes separate assessments made for municipal tax purposes, the property tax levy for school district purposes shall be equalized by either of the methods prescribed in subsection (a)(1) or (2). If the former method is adopted, the ratio which the total taxes levied in each part of the school district bears to the most recent valuation of the same properties by the State Tax Equalization Board shall be uniform; if the latter method is adopted, the market value of each parcel of property on the tax roll shall be:

(1) In the case of the assessment made for county tax purposes, the quotient of the assessed value divided by the latest ratio of assessed value to market value for that portion of the school district as determined by the State Tax Equalization Board.

(2) In the case of the separate assessment for municipal tax purposes, the quotient of the assessed value divided by the product of the latest ratio of assessed value to market value in the municipality as determined by the State Tax Equalization Board and the ratio of the total assessed valuation of the same properties for municipal tax purposes to the total assessed valuation of said properties for county tax purposes: Provided, however, that no taxpayers of a municipality or political subdivision within a school district shall pay an aggregate amount in school property taxes which, as a percentage of total school property taxes, shall exceed the ratio of its market value to the total market value of the school district as determined by the State Tax Equalization Board.

(c) Assessment.—Whenever a revision of assessment is completed in any portion of a school district and the revised assessments are to be used for school tax purposes the method prescribed in subsection (a)(2) to equalize school property tax levies shall not be used until the latest ratio of assessed value to market value as determined by the State Tax Equalization Board for that portion of the school district is based upon the revised assessments.

(d) Preliminary budget.—Whenever a school district shall lie in more than one county and the school directors of the school district did not elect to participate in the former act of July 5, 2004 (P.L.654, No.72), known as the Homeowner Tax Relief Act, the school district shall comply with this section prior to preparing a preliminary budget under section 311 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, and prior to making any tax rate submissions as provided under section 333(e) of the Taxpayer Relief Act. The Department of Education or a court of common pleas may not approve an increase in the rate of tax due to an expenditure under section 333(f)(2)(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (n) of the Taxpayer Relief Act until the school district seeking approval is in compliance with this section.

(e) Compliance.—Whenever a school district shall lie in more than one county, the school district shall comply with section 1002.

Section 1002. School districts lying in more than one county or in more than one municipality; credit in lieu of taxes.

(a) General rule.—Whenever a school district shall lie in more than one county and the school directors of the school district elected to participate in the former act of July 5, 2004 (P.L.654, No.72), known as the Homeowner Tax Relief Act, the school directors shall provide a credit in lieu of taxes to each taxpayer of the school district beginning with the first fiscal year following the effective date of this subsection.

(b) Credit.—Whenever a school district shall lie in more than one county and the school directors of the school district did not elect to participate in the former Homeowner Tax Relief Act, the school directors shall provide a credit in lieu of taxes to each taxpayer of the school district beginning with the first fiscal year following the effective date of this subsection.

(c) Amount of credit.—A credit granted under this section shall be equal to the real estate tax increase for a taxpayer as a result of compliance with section 1001. The credit shall be granted to a taxpayer on a pro rata basis over five years. The pro rata credit shall be calculated by dividing a numerator, which shall equal the real estate tax increase for a taxpayer as a result of compliance with section 1001, by a denominator, which shall equal five.

Amend Bill, page 10, by inserting between lines 4 and 5  
Section 5201. Repeal.

(a) Intent.—The General Assembly declares that the repeal under subsection (b) is necessary to effectuate the addition of section 1001 of this act.

(b) Provision.—Section 672.1 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is repealed.

Amend Sec. 5201, page 10, line 5, by striking out "5201" and inserting

5202

On the question,  
Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Argall.

Mr. ARGALL. Thank you, Mr. Speaker.

Mr. Speaker, from time to time the members of this House who represent school districts that stretch over more than one county have encountered a problem as the school districts must, by law, recalculate their statistics in an effort to determine that, say, if 40 percent of the value of the property is in X county, then by State law 40 percent of the taxes need to come from that X county. In terms of counties, I guess one school district is actually in 4 different counties, 10 are stretched over 3, and 76 school districts are in 2. So this is not an infrequent problem.

In looking at the way that this has been done in the past, it can be a very jarring adjustment. And what will frequently happen is taxpayers in one community will really be whacked with a very large increase, and when you go to the school board and say, can we not find a way to make this a little bit less painful, they will say no. State law requires that you do this catch-up immediately.

So, Mr. Speaker, my bill would require that school districts would have 5 years to make this adjustment. They would still make the adjustment. I agree that the adjustment needs to be made, but it would not require the adjustment to be made immediately. It would allow more time to make this adjustment somewhat less painful.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

The Chair recognizes gentlelady, Ms. Boback.

Ms. BOBACK. Thank you, Mr. Speaker.

As a Representative who has constituents in a district very similar to what you refer to, sir, I strongly support this amendment. How unfair it is to some of our constituents who share districts – live in one district and yet pay taxes for a school system in another district. It seems very, very unfair.

So I strongly support your amendment, and I ask that the rest do the same.

Thank you.

The SPEAKER pro tempore. The Chair thanks the lady.

The Chair recognizes the gentleman, Mr. McCall

Mr. McCALL. Thank you, Mr. Speaker.

Mr. Speaker, I would ask for a "no" vote, respectfully, to the gentleman, Mr. Argall's amendment.

Mr. Argall and I have worked on a number of occasions to figure out a solution to school districts that have membership by municipalities that affect two different counties within the school districts. The problem with the amendment is that it is a zero-sum game we are talking about. For the rebalancing to occur under this amendment, the persons or individuals who reside in Coaldale Borough would get a rebalancing or tax reduction at the expense of those individuals who live in Summit Hill, Lansford, Nesquehoning Boroughs. Their taxes will increase to rebalance the decrease in the gentleman's district, and I think that will hold true for any individual where a school district crosses two county lines that have two different

rates of assessment. In that rebalancing, in that zero-sum game, there will be individual taxpayers that will pay more to supplant the rebalancing that the gentleman is asking for.

Mr. Speaker, for those reasons I would ask that the members vote against this amendment.

The SPEAKER pro tempore. The Chair thanks the gentleman.

The Chair recognizes the gentleman, Mr. Argall, for the second time.

Mr. ARGALL. Thank you, Mr. Speaker.

Mr. Speaker, in the case that Representative McCall is discussing, it could have easily been the other way, but he is correct. In this case there are four communities in a school district stretched out over two counties. The community that I represent, the borough of Coaldale, taxpayers there were whacked with a 28-percent increase. The rest of the school district, the other three communities, did not have to pay an increase that year. It could have just as easily been, had the numbers come in differently, Carbon County paying a 28-percent increase and Schuylkill County paying a 1- or a 2-percent increase or staying flat.

All that my amendment will do is say that in cases like this, the school district has 5 years to smooth the increase so that these taxpayers do not suffer from the immediate impact of, as in this case, a 28-percent increase. We had asked the school district to consider this. They agreed that it made sense, but under the existing law they cannot do this, thus this amendment to smooth that process.

I would hope that any of you who represent a district, as many of us do, that stretches over more than one county would feel the pain of the people of the borough of Coaldale. No one ever wants to pay a 28-percent increase. I understand what my constituents have gone through, and I would not wish it on any of yours.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—110

Argall	Geist	McIlhatten	Raymond
Baker	George	Mensch	Reed
Barrar	Gibbons	Metcalfe	Roae
Bastian	Gillespie	Micozzie	Rock
Bear	Gingrich	Millard	Rohrer
Benninghoff	Godshall	Miller	Ross
Beyer	Goodman	Milne	Rublely
Boback	Grell	Moul	Samuelson
Boyd	Harhai	Moyer	Scavello
Brooks	Harhart	Murt	Schroder
Cappelli	Harper	Mustio	Seip
Causar	Harris	Nailor	Sonney
Civera	Helm	Nickol	Stairs
Clymer	Hennessey	O'Neill	Steil
Conklin	Hershey	Pallone	Stern
Cox	Hess	Payne	Stevenson
Creighton	Hickernell	Peifer	Swanger
Cutler	Hutchinson	Perry	Taylor, J.
Dally	Kauffman	Perzel	True
Denlinger	Keller, M.	Petrarca	Turzai
DiGirolamo	Kenney	Petri	Vereb

Ellis	Kessler	Phillips	Vulakovich
Everett	Killion	Pickett	Wansacz
Fairchild	Mackereth	Pyle	Watson
Fleck	Major	Quigley	Yewcic
Freeman	Mantz	Quinn	
Gabig	Marsico	Ramaley	O'Brien, D.,
Galloway	McI. Smith	Rapp	Speaker

NAYS—82

Belfanti	Frankel	Mahoney	Sainato
Bennington	Gerber	Manderino	Santoni
Biancucci	Gergely	Mann	Shimkus
Brennan	Grucela	Markosek	Smith, K.
Buxton	Haluska	Marshall	Smith, M.
Caltagirone	Hanna	McCall	Solobay
Carroll	Harkins	McGeehan	Staback
Casorio	Hornaman	Melio	Sturla
Cohen	James	Mundy	Surra
Costa	Josephs	Myers	Taylor, R.
Cruz	Keller, W.	O'Brien, M.	Thomas
Curry	King	Oliver	Wagner
Daley	Kirkland	Parker	Walko
DeLuca	Kortz	Pashinski	Waters
DePasquale	Kotik	Payton	Wheatley
Dermody	Kula	Petrone	White
DeWeese	Leach	Preston	Williams
Donatucci	Lentz	Readshaw	Wojnaroski
Eachus	Levdansky	Roebuck	Youngblood
Evans, D.	Longietti	Sabatina	Yudichak
Fabrizio	Maher		

NOT VOTING—0

EXCUSED—11

Adolph	Evans, J.	Shapiro	Tangretti
Bishop	Reichley	Siptroth	Vitali
Blackwell	Saylor	Smith, S.	

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question recurring,  
Will the House agree to the bill on second consideration as amended?

The SPEAKER pro tempore. The gentleman, Mr. Micozzie, has withdrawn amendment 4273. The Chair thanks the gentleman.

The House will be at ease temporarily.

The House will come to order.

**LEAVE OF ABSENCE**

The SPEAKER pro tempore. The Chair recognizes the minority whip, who requests a leave of absence for the gentleman, Mr. BASTIAN. Without objection, the leave of absence will be so granted.

**CONSIDERATION OF HB 1600 CONTINUED**

On the question recurring,  
Will the House agree to the bill on second consideration as amended?

The SPEAKER pro tempore. The Chair has been so notified that the gentleman, Mr. Pyle, has withdrawn amendment 4111. Thank you, Mr. Pyle.

On the question recurring,  
Will the House agree to the bill on second consideration as amended?

Mr. PERZEL offered the following amendment No. **A05339**:

Amend Title, page 1, lines 1 and 2, by striking out all of said lines and inserting

Providing for the elimination of property tax for older Pennsylvanians and for the transfer of certain funds; and making related repeals.

Amend Bill, page 1, lines 5 through 14; pages 2 through 9, lines 1 through 30; page 10, lines 1 through 14, by striking out all of said lines on said pages and inserting

Section 1. Short title.

This act shall be known and may be cited as the Older Pennsylvanians Property Tax Elimination Act.

Section 2. Legislative intent and purpose.

(1) The General Assembly, in recognition of the powers contained in section 2(b)(ii) of Article VIII of the Constitution of Pennsylvania, which provides for the establishment as a class or classes of subjects of taxation on the property or privileges of persons who, because of poverty, are determined to be in need of special tax provisions, declares as its legislative intent and purpose to implement that power under that constitutional provision by establishing special tax provisions as provided under this act.

(2) The General Assembly, having determined that there are persons within this Commonwealth whose ages and incomes are such that imposition of a property tax on them would deprive them of the bare necessities of life, deems it to be a matter of public policy to provide special tax provisions for that class of persons to relieve their economic burden.

Section 3. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Claimant." An individual who seeks assistance under section 5.

"Department." The Department of Revenue of the Commonwealth.

"Household income." All income received by a claimant and the claimant's spouse while residing in the homestead during the calendar year for which a rebate is claimed.

"Program." The Property Tax Assistance Program.

"Property tax." A tax levied by a school district on real property.

Section 4. Administration.

The department shall have the following powers and duties in the administration of this act:

(1) Implementing the program.

(2) Prescribing an application form under section

5(c)(1)(i).

(3) Promulgating regulations to implement section 5(c)

and (d).

Section 5. Program.

(a) Establishment.—The department shall establish the Property Tax Assistance Program to assist eligible claimants in the payment of school property taxes.

(b) Eligibility.—To be eligible to participate in the program, a claimant must comply with all of the following:

(1) Be over 65 years of age.

(2) Have an annual household income of not more than \$40,000.

(3) Have not applied for or received a property tax rebate for school property taxes paid pursuant to Chapter 13 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

(c) Application.—The following shall apply:

(1) To participate in the program, a claimant shall submit to the department all of the following:

(i) An application on a form prescribed by the department establishing eligibility under subsection (b).

(ii) A copy of the school property tax bill for which assistance is sought.

(2) The material under paragraph (1) shall be submitted no later than 30 days after the issuance of the school property tax bill under paragraph (1)(ii).

(d) Determination.—The following shall apply:

(1) Within 15 days of receipt of an application under subsection (c), the department shall determine if the claimant is eligible or ineligible and shall notify the claimant of its determination.

(2) Failure to comply with the time requirement under paragraph (1) shall be deemed a determination of ineligibility.

(3) A determination of ineligibility under paragraph (1) or (2) shall be subject to 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action).

(e) Payment.—For each eligible claimant, the department shall pay the tax bill under subsection (c)(1)(ii) in whole from the Property Tax Relief Fund. Payment shall be mailed to the claimant and shall be made out to the school district or the tax collector for the school district, whichever applies, to which the claimant is liable for property taxes.

#### Section 6. Transfers.

(a) Annual transfer.—The State Treasurer may transfer, to the extent necessary, up to \$50,000,000 annually from the State Lottery Fund established by the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, to the Property Tax Relief Fund for payment of claims under this act. This transfer shall represent the savings to the property tax and rent rebate program as a result of enactment of the program.

(b) Single transfer.—On the effective date of this section, the State Treasurer shall transfer any money in the Property Tax Relief Reserve Fund to the Property Tax Relief Fund.

#### Section 7. Repeals.

(1) The General Assembly declares that the repeal under paragraph (2) is necessary to effectuate this act.

(2) Sections 501, 502, 503(c), (d) and (e), 504 and 505 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, are repealed.

#### Section 8. Applicability.

This act shall apply to property taxes levied for the first fiscal year beginning after December 31, 2008, and each fiscal year thereafter.

#### Section 20. Effective date.

This act shall take effect immediately.

On the question,

Will the House agree to the amendment?

The SPEAKER pro tempore. On the amendment, the Chair recognizes the gentleman, Mr. Perzel.

Mr. PERZEL. Thank you very much, Mr. Speaker.

What we have been doing here the last couple of days has been really the art of the impossible. We should have been trying to do the art of the possible, Mr. Speaker. I say that because over the years when we look at HB 1600, just for the information of the freshmen, the first attempt that we had at tax reform that I was here for was Gov. Robert Casey. When he did tax shifting and it was put before the people of Pennsylvania,

it was defeated by 1 million votes, Mr. Speaker. The next attempt that we tried was Act 50, where we gave the counties the opportunity to put tax alternatives on the ballot so that they could go to other forms of taxation. The counties chose not to put any of them on the ballot, Mr. Speaker. After that we had Act 72, which was really \$1 billion in money from gambling that was going to go to the school districts, and 400 of them voted that down. The last attempt was this spring when we were allowing the school districts to do Act 1, that this General Assembly passed, to do tax shifts. That was defeated almost everywhere in Pennsylvania.

So it is obvious to me, Mr. Speaker, that the tax shifts that we have been attempting to do yesterday and the tax shift that is before us here in HB 1600 are not what the people of Pennsylvania want nor care to have, Mr. Speaker. The tax increase in that bill right now, Mr. Speaker, is somewhere around \$1.3 billion.

So the last time I heard the debate on this I sat back and said to myself, when I got elected I had promised the senior citizens of my district that I would make sure that they would be able to do away with their school property taxes, Mr. Speaker. So that is what I am here, again, to do and to talk about just for a few moments.

Across-the-board property tax cuts for everybody in Pennsylvania cannot and will not be done by this General Assembly – not that every attempt has not been noble. They are all noble and your intent is good, but the bottom line is the people of Pennsylvania do not like what we have been doing, Mr. Speaker.

We can realistically take care of the senior homeowners. They are the ones who are most involved and most touched by these taxes that we are putting before them, and my bill does exactly that. After working their entire lives to achieve the dream of homeownership, our senior citizens should not see this turn into a nightmare because of the ever-increasing property taxes – school property taxes – that they have. They should not be choosing between food, prescription drugs, or paying their property taxes, Mr. Speaker.

Under my legislation, this amendment, the senior citizens of Pennsylvania making less than \$40,000 – \$39,999 – and 65 years of age could send us their school property tax and we would pay that school property tax, Mr. Speaker. That is 600,000 Pennsylvanians would have their school property taxes done away with. This is the best thing that we can do for our seniors, and, Mr. Speaker, it comes out of the money that is coming from gaming. We are not asking for a personal income tax. We are not asking for a sales tax. We are not asking for a shift. We are not asking for additional money. We are telling the 600,000 seniors of Pennsylvania they will no longer have to pay their school property taxes. Send us that bill; we will pay it. And by the way, Mr. Speaker, we do keep the regular property tax rent rebate in this program so two things can occur: Number one, the renters of Pennsylvania can still qualify for a rent rebate, and, number two, our disabled will still be able to qualify under our normal property tax bill.

So with that, Mr. Speaker, I would urge a "yes" vote to help the 600,000 senior citizens of Pennsylvania get their school property taxes done away with.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

Anyone seeking recognition?

The Chair recognizes the gentleman, Mr. Levdansky.

Mr. LEVDANSKY. Just a brief question or two for the maker of the amendment.

The SPEAKER pro tempore. The gentleman wishes to interrogate the gentleman, Mr. Perzel. He has agreed, and you may proceed.

Mr. LEVDANSKY. Mr. Speaker, I want to make sure that I am clear about this. Under this amendment, you would take all the gaming proceeds under Act 1, and you would combine that with the approximately \$1.3 to \$1.4 billion generated by the PIT and the sales tax increases in HB 1600. You would combine all three of those revenue streams—

Mr. PERZEL. No, Mr. Speaker.

Mr. LEVDANSKY. —to drive out the property tax elimination for seniors?

Mr. PERZEL. I apologize, Mr. Speaker. Maybe I did not make myself clear. We were doing away with property taxes for senior citizens with the Lottery Fund money. We are gutting out the portion that you placed into this bill and replacing it with the senior citizen property tax cut. That is what is in there, Mr. Speaker. Not from the lottery moneys, from the money that you are increasing. Yours is taken out.

Mr. LEVDANSKY. I want to make sure I understand this. So the \$1.4 billion, the \$1.4 billion that is generated by HB 1600, are you or are you not using that to fund your program?

Mr. PERZEL. No, I am not, Mr. Speaker. The money coming from the Gaming Fund is going to fund this bill, this amendment to the bill.

Mr. LEVDANSKY. Mr. Speaker, I am just checking on something. Could we just suspend for a moment.

The SPEAKER pro tempore. The House will temporarily be at ease.

The House will come to order.

### LEAVE OF ABSENCE CANCELED

The SPEAKER pro tempore. The Chair recognizes the presence on the floor of the House of the gentleman, Mr. Shapiro, and he will be added to the master roll.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Levdansky.

Members, kindly take your seats. Members, please break up, clear the aisles.

Mr. Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, under your amendment, how many senior homesteads would be eligible for the property tax elimination that you propose?

Mr. PERZEL. Mr. Speaker, twice I said 600,000.

Mr. LEVDANSKY. 600,000. And do you how many households in the State will be receiving property tax relief through Act 1?

Mr. PERZEL. That program would be done away with, Mr. Speaker.

Mr. LEVDANSKY. I understand that, but—

Mr. PERZEL. The property tax rent rebate program would stay, but the other people that were eligible prior to this would no longer be eligible for a rebate.

Mr. LEVDANSKY. So everybody that is eligible for property tax relief under the distribution that we anticipate this July under Act 1 would not get property tax relief under your amendment?

Mr. PERZEL. I have said that three times now, Mr. Speaker. I will say it a fourth to make you feel better. Yes.

Mr. LEVDANSKY. Thank you. Thank you.

On the amendment, Mr. Speaker.

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. LEVDANSKY. Mr. Speaker, Act 1 is not perfect, but what it did do was provide good targeted relief to low-income senior citizens, and we have already signed up a lot of senior citizens for those expanded property tax reduction benefits this past fall. So those seniors are, in fact, going to receive substantial property tax relief, up to a maximum of \$650. And now it is time that we also make an effort to provide property tax relief for everybody else, and the everybody else includes the 3.3 million homesteads/farmsteads in the State who also need property tax relief.

I understand and am sympathetic to helping senior citizens, especially of low income who are burdened by property taxes, but there are a lot of working-class and middle-class people who are also of low-to-moderate income, who also are struggling to pay property taxes. And we need to go further than what is available under Act 1 to provide that help to everybody else.

Now, the Budget Secretary in the last week or two has indicated there are \$570 million – so there will be a distribution from Act 1 this summer to provide for property tax relief for the 3.3 million homesteads/farmsteads across the Commonwealth. But it will not be enough, and we need to go further, and we need to go further.

This amendment would take all the revenue available under Act 1 and use it only to help senior citizens, under the income eligibility guidelines contained in the Perzel amendment, but it does that at the expense of taking the property tax relief away from everybody else that is going to be eligible. It is robbing Peter to pay Paul. It is helping seniors but taking from their kids and their grandkids, who also need help and assistance with their property tax relief.

Also, Mr. Speaker, what this amendment does, it guts, it guts HB 1600. So it takes away the revenue that we are making available under HB 1600 to provide for that broad-based property tax relief. This undoes our efforts, totally, to provide property tax relief for everybody in the State including senior citizens, including senior citizens. This bill would, again, pit seniors against their kids and their grandkids and their neighbors who are not senior citizens.

We need to be cognizant of special assistance to low-income seniors, and we have done that in Act 1. But now is the time to turn our attention to all the other 3.3 million homeowners in the State who are not seniors, who need help with their property tax relief as well.

For those reasons I would urge a negative vote on the Perzel amendment.

**LEAVE OF ABSENCE CANCELED**

The SPEAKER pro tempore. The Chair thanks the gentleman and notes the presence on the House floor of the gentleman, Mr. Reichley, and he will be added to the master roll.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Barrar.

Mr. BARRAR. Mr. Speaker, may I interrogate the maker of this amendment, please?

The SPEAKER pro tempore. Mr. Perzel, the gentleman, Mr. Barrar, is requesting a brief period of interrogation. The gentleman has agreed, and you may proceed.

Mr. BARRAR. Thank you, Mr. Speaker.

Mr. Speaker, I am trying to figure out – I am looking over some of this data and trying to figure out how you came up with a household income of \$40,000. Is there any statistical evidence that this is the group most in need of property tax reform?

Mr. PERZEL. The whole idea of property tax relief in this General Assembly over the 30 years that I have spent here has been about trying to make sure senior citizens do not lose their homes. The reason we picked \$40,000 was we could pay for everybody who made \$40,000 or less and make sure they paid no school property taxes whatsoever. They send us the bill; we send it home. That is why we chose the \$40,000.

Mr. BARRAR. What will be considered household income under this legislation?

Mr. PERZEL. It is all household income, Mr. Speaker.

Mr. BARRAR. Okay. So Social Security—

Mr. PERZEL. Yes.

Mr. BARRAR. Half Social Security or all the Social Security—

Mr. PERZEL. All the Social Security.

Mr. BARRAR. —is counted under this?

Mr. PERZEL. Everything.

Mr. BARRAR. Okay. And all investments and things like that. So if I am making \$27,000 a year as a retiree, 65 years old, and I have a daughter, a 21-year-old daughter or a 24-year-old daughter living with me making \$30,000, I would not qualify then?

Mr. PERZEL. If someone were making under \$35,000 in that situation, we would exclude one-half of the Social Security for the older person from the income.

Mr. BARRAR. And I know Mr. Levdansky I think had asked this earlier, but I was not paying attention; I apologize. What will happen to the Lottery Fund and the property tax and rent rebate program?

Mr. PERZEL. That will still exist under this piece of legislation, under this amendment, Mr. Speaker.

Mr. BARRAR. And the qualifications will still stay the same then?

Mr. PERZEL. They would stay the same. Our goal was to take care of the renters in the Commonwealth of Pennsylvania and those who are disabled that qualify now for the property tax and rent rebate, and there is also your municipal and county property taxes would still qualify to go toward the property tax and rent rebate, Mr. Speaker.

Mr. BARRAR. In our conversations earlier in some of these property tax discussions, there was a comment made that a person living in Philadelphia does not get three separate tax bills like I get where I live in Delaware County. I get a municipal bill, a county bill, and a school tax bill. Someone living in Philadelphia gets one tax bill. Is that correct? And how would that be treated under this bill?

Mr. PERZEL. You are correct that it is one bill that you get in the city of Philadelphia, Mr. Speaker. It is not that difficult to break out what percentage of that goes to the municipality and what goes to the counties on top of a 4-1/2 percent wage tax, which is inside the city of Philadelphia also, Mr. Speaker. But you are right, it is one bill.

Mr. BARRAR. It is one bill. So are they—

Mr. PERZEL. It could be broken out.

Mr. BARRAR. That is going to be broken out, or are they going to get relief on their entire tax bill that they get?

Mr. PERZEL. It would be broken out, Mr. Speaker.

Mr. BARRAR. Okay. Thank you, Mr. Speaker.

That is all I have.

The SPEAKER pro tempore. The Chair thanks the gentleman.

**LEAVE OF ABSENCE CANCELED**

The SPEAKER pro tempore. The Chair notes the presence of the gentleman, Mr. Bastian, on the floor of the House, and he will be added to the master roll.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Mustio.

Mr. MUSTIO. Thank you, Mr. Speaker.

May I interrogate the maker of the amendment?

The SPEAKER pro tempore. The gentleman has agreed, and you may proceed.

Mr. MUSTIO. Mr. Speaker, this intrigues me. I received a couple handwritten notes after the last property tax relief legislation passed, thanking us for the \$250, roughly, that these two seniors would receive. One makes \$863 a month in Social Security, which equates to \$10,356 a year, and her property tax bill is approximately \$2,500. The other makes \$909 a month for \$10,908, and her property tax bill is over \$3,000 a year. No other income in the household. Are you saying that their entire property tax bill would be sent to the State and paid in full, school property tax?

Mr. PERZEL. The school property tax, roughly \$1250 for the first one and \$1500 for the second one. That is true, Mr. Speaker, not \$250; \$1250 and \$1500, roughly half their tax bill, their school property taxes.

Mr. MUSTIO. And the income level was what, \$40,000?

Mr. PERZEL. \$40,000 or less; yes.

Mr. MUSTIO. Is there any inflationary factor to that for future years?

Mr. PERZEL. Right now there is no inflationary factor in there. We could look at that in the future, Mr. Speaker.

Mr. MUSTIO. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman.

The Chair recognizes the gentleman, Mr. Rohrer.

Mr. ROHRER. Thank you, Mr. Speaker.

I would like to ask the maker of the amendment a question, if I may.

The SPEAKER pro tempore. He has agreed, and you may proceed.

Mr. ROHRER. Thank you, Mr. Speaker.

In looking over this, could you just repeat for me how much money is being allocated in here for what you are terming the elimination of the property tax for the 600,000 households? What is that dollar amount that we are talking about?

Mr. PERZEL. Beginning in '09-'10, a little over \$1 billion.

Mr. ROHRER. Over \$1 billion?

Mr. PERZEL. Yes, Mr. Speaker.

Mr. ROHRER. And again, the intent is to replace or give a rebate for all of the property tax for these senior citizens in this category of \$40,000 and down. Is that correct?

Mr. PERZEL. I am sorry, Mr. Speaker. I did not hear that.

The SPEAKER pro tempore. Will the gentlemen suspend.

Members, kindly take your seats. It is very difficult to hear the interrogation and the answers. Thank you.

You may proceed.

Mr. ROHRER. Thank you, Mr. Speaker.

Okay. I forgot where I was going there. We have got \$1 billion, we have 600,000 households, and the intent is to replace, in the form of a rebate, 100 percent of the school property tax billed to these households?

Mr. PERZEL. That is correct, Mr. Speaker.

Mr. ROHRER. Okay. Have you factored in what will be required to continue providing a 100-percent rebate for, say, 5 years out?

Mr. PERZEL. A billion dollars, growing slightly, Mr. Speaker.

Mr. ROHRER. Pardon? I missed that; I am sorry.

Mr. PERZEL. A billion dollars, growing slightly year after year.

Mr. ROHRER. Is that billion dollars growing at approximately 7 percent? Or many of these seniors are in districts where it is going up 15 percent a year. The Gaming Funds are not projected to grow at those amounts of money. What happens 2 years into it when there are less dollars or not enough dollars to make up 100 percent, because the property taxes are continuing to grow. How do you allow for that?

Mr. PERZEL. I do not know how there could be less dollars coming into the fund, Mr. Speaker, when each time we see a revenue estimate of how much has been collected throughout the Commonwealth of Pennsylvania, with just less than half of them fully opened, the number keeps going up. So I would anticipate that as the inflationary rate would go up, more people would take more discretionary dollars out to those casinos, play with it there, and allow us to be able to increase this program.

Mr. ROHRER. Mr. Speaker, in addition, because Pennsylvania's fastest growing segment of the population is our seniors, at least in most of our districts, and because we are the State that has the second highest number of senior citizens now, how have you factored in the amount of growth, meaning the households? How many more households are you anticipating in projecting, say, for 5 years out?

Mr. PERZEL. Well, Mr. Speaker, I do not think any one of us can honestly project how many additional people will move into Pennsylvania. I would just hope that as they move into Pennsylvania, they go to the casinos at the same numbers that

are going now so that the dollar figure would be high enough to be able to continue to pay this, Mr. Speaker.

Mr. ROHRER. Okay. Thank you, Mr. Speaker.

One other question: The title of the act is entitled "Older Pennsylvanians Property Tax Elimination Act." Is there anywhere in the legislation that is before us where the property tax is actually eliminated?

Mr. PERZEL. No, Mr. Speaker. This is the school property taxes – I have said that five times now. This is the school property tax for our senior citizens. It would be eliminated for all 600,000 seniors in Pennsylvania that would qualify.

Mr. ROHRER. Okay. Thank you, Mr. Speaker.

Just some comments.

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. ROHRER. Mr. Speaker, I commend the maker of the bill for trying to come at the issue of providing substantive relief for our seniors. I think all of us have senior citizens in our districts and that number is increasing. However, in the context of talking, as we are going through talking about tax elimination, this is really not elimination; it is a rebate. That distinction, I think, is important for many who would watch.

And the second thing, we have been thus far in this debate, from last night to today, there has been a lot of attention spent on the dollars and cents and whether or not there are enough dollars and what those dollars will require next year and the year in and the year out and the next year.

I have not been able to run all of the numbers sufficiently on here, but I do know that in the work that we had done, the number of households that are designated as senior citizens occupied is substantially increasing. So that number will go up above 600,000, 2 years out or 3 years out. Without anywhere in the process an ability to limit the increase of property taxes in these school districts, that number also will continue to move up. Therefore, I do question whether or not, with any certainty, how much money will be available to fulfill a promise to this segment of people 3 years out or 4 years out. And are we going to be in a position then, if we were to pass this, where there are not enough dollars available from the gaming and we have to then go back and adjust the income levels – lower it so we lower the number of people – or whether we no longer give them 100 percent? I am concerned that when we do and make a commitment, we are, in fact, able to follow through on that. So those are just a couple of questions that I have with the proposal.

In addition, I will have to say that I have been contacted by many of my people, and even though they are really not going to get very much if the gaming moneys actually begin to happen later this year, many of those who have been promised for the last 4 years and expected to get some assistance – if we modify this, they will get nothing. It will be reserved for seniors.

So I appreciate the intent to try and provide enough, and the 100 percent I fully agree with. That means something. One hundred percent is something that people understand, but perhaps there could even be some more assistance provided back, and information, relative to the assurance of being able to meet the commitment to this category of people in the amount of 100 percent and with the projection that the property taxes continued to rise under this, and the number of households of seniors continued to grow.

So that may not be a question, but if there is an opportunity, even for the maker, to answer that perhaps on another future

interrogatory with somebody, I would appreciate that. That would help.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Schroder.

Mr. SCHRODER. Thank you, Mr. Speaker.

Mr. Speaker, would the maker of the amendment stand for just one brief question?

The SPEAKER pro tempore. The gentleman has agreed, and you may proceed.

Mr. SCHRODER. Thank you.

I originally had a couple of questions, but I think Representative Barrar clarified the issue, or the questions, around household income. Mr. Speaker, and believe me, I apologize if I did miss it, but does staff or has anyone produced a printout that would show, either by county or by school district, how many seniors would be eligible for the complete rebate or complete elimination?

Mr. PERZEL. I have it right here, Mr. Speaker. I will be glad to send— Andrew will bring it back to you.

Mr. SCHRODER. Mr. Speaker, I would just respectfully request that it be made available to everyone. I just think it would be helpful that we have that before casting a vote, if staff could get that around to us.

Mr. PERZEL. I would be glad to make copies available to everyone, Mr. Speaker.

Mr. SCHRODER. Mr. Speaker, from what I see here, I guess it is on a county basis for these statistics. Do you know if staff has them broken down either by school district or legislative district or anything like that?

Mr. PERZEL. We have the data on the county level. We do not have it by school district, Mr. Speaker.

Mr. SCHRODER. Okay. Well, I was just wondering. I appreciate, at least— Having the county information is somewhat helpful, and as I said, I think it would be helpful for everyone to have the information prior to casting a vote.

On the amendment, Mr. Speaker.

The SPEAKER pro tempore. The gentleman has ended his interrogation and would like to speak on the amendment. The gentleman is in order and may proceed.

Mr. SCHRODER. Thank you, Mr. Speaker.

Mr. Speaker, the maker of the amendment accurately portrayed the rather woeful litany of our attempts at property tax reform in the past – in Act 50, Act 72, Act 1 – and correctly stated that they all went down to, really, crushing defeats once they were put before the electorate. However, I must say that I disagree with the conclusions that the gentleman reached as to why those acts had that result.

Mr. Speaker, I am convinced that the people rebelled against those attempts at property tax shifting and reform basically because they saw them for what they were: They were incremental approaches, political solutions, designed more to protect members of the General Assembly so that it looked like we did something than in actually addressing the substantive and underlying problems that were causing the property tax difficulties in our district.

Mr. Speaker, \$40,000 in household income – including pensions, investment, Social Security – might be a good figure to start at in some parts of the State, but, Mr. Speaker, I can tell you that I have retirement communities in my district that this will not even touch. And, Mr. Speaker, believe me when I tell you that some of those communities are being crushed under the

weight of property taxes right now. So this will hold out little hope of any serious relief at all for most of those individuals.

But, Mr. Speaker, I also do not think we should fall under the trap or we should be lulled by the argument that it is only seniors that need the property tax relief. Mr. Speaker, I do not agree with that at all. I know from the experiences that we have had in the school districts I represent and that many of you represent, it is not just seniors who need property tax elimination and relief; it is the young family trying to buy that first home that has to come up with the escrow for property taxes. It is the middle-income family who is trying to make ends meet with kids and bills and insurance and everything else that get whacked with a huge property tax – and an ever-escalating property tax – bill each year.

And, Mr. Speaker, to leave out farms and farmsteads, as I understand this does, really does a great injustice to those who represent areas like I do, that are struggling to hold on to their farmland in the face of an onslaught of development, and for rural Pennsylvania in general. Those farmers deserve and need property tax relief as well.

So, Mr. Speaker, I am going to oppose this amendment, because I just see it as another political solution that is masquerading as tax reform or tax relief and will really offer a lot of, I think, false hope and false promise that will not be fulfilled.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Everett from Lycoming County.

Mr. EVERETT. Mr. Speaker, I rise to support the Perzel amendment. We have spent the greater part of 2 days, and I have heard speaker after speaker rise about property tax reform and cite time after time that it is our seniors who are being driven from their homes mercilessly by school property taxes.

The Perzel amendment provides a sure answer to those who are 65 and above and have incomes of \$40,000 and below. There is no smoke, there is no mirrors, there is no tax shifting; it truly provides tax relief to those who need it most, as we have cited time after time.

And I would also point out that as our gaming revenues increase, we can choose to increase this to other classes of people in the Commonwealth of Pennsylvania or to raise the income threshold for seniors. We can also at a later date choose to take other sources of revenue and add to this fund.

So for those reasons, I think we can do something today that the seniors who are most needy when it comes to property tax reform will appreciate. And I, for one, cannot vote against this amendment and go home and face the seniors in my district and tell them that I did not do something to reduce their property taxes right now.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Turzai. The gentleman waives off. Thank you, Mr. Turzai.

The Chair recognizes the gentleman, Mr. Scavello.

Mr. SCAVELLO. Thank you, Mr. Speaker.

Would the maker of the amendment answer a couple of questions, if possible?

The SPEAKER pro tempore. He has agreed, and you may proceed.

Mr. SCAVELLO. Mr. Speaker, you stated earlier that there are 600,000 seniors that would be eligible for this particular property tax elimination. Am I correct?

Mr. PERZEL. About 630,000, yes.

Mr. SCAVELLO. 630,000.

I just want to follow up on the line of questioning of some of the other legislators. They talked about, suppose the dollars are not there. But it is obvious that this cannot go into effect this year; it would have to go into effect when the gaming dollars generate that \$1 billion. Am I correct?

Mr. PERZEL. '09 and '10.

Mr. SCAVELLO. Okay. And I think myself and any other member in this body would definitely want to do something for our seniors, something substantial. Is there any protection in your legislation that, for example, we have 630,000 seniors, and the State of New Jersey, the State of Ohio, the State of New York, seniors in these other States see the fact that they can move into the Commonwealth and buy a house and have no property taxes in that salary, in that wage area there, that \$40,000 and less.

How can we protect our seniors in the Commonwealth that would guarantee and for sure put their mind at ease that we will be able to take care of them if that should occur? Because we do have one of the best PACE (Pharmaceutical Assistance Contract for the Elderly) and PACENET (Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier) programs. Our program is the best in the country, and that would also probably put a tax on that program as well.

So my concern is, how do we protect our seniors should that happen? Do you have something in this legislation that would say, for example, that the seniors that are in the Commonwealth or have lived in the Commonwealth for the last 5 years – seniors that have lived in the Commonwealth that are 62, 63 and lived in the Commonwealth and grew to the age of 65 – that this would apply to, because that is a concern of mine.

Mr. PERZEL. Additional people could move into the Commonwealth of Pennsylvania, Mr. Speaker. If we get this great influx of seniors and they do not gamble at the casinos, then we would have to come back and readjust this piece of legislation. But I would have to assume myself that if disproportionate numbers of seniors were coming here and they are disproportionately represented at the casinos, that we would be able to pull the additional revenue out of them to be able to give them the rebates also, Mr. Speaker. Or we could come back and adjust the program in the future.

Mr. SCAVELLO. Another question, Mr. Speaker: I have in my district, my average income is between \$40,000 and \$45,000, a family of four, and many make a lot less than that, struggling to hold on to their homes, and this legislation will help them as well. Since you were only using the gaming revenue, why did you neglect to try to help the families, you know, all of Pennsylvania with the other dollars?

Mr. PERZEL. I did not want to have to increase taxes, Mr. Speaker.

Mr. SCAVELLO. I understand your feelings on that, but it really is not a tax increase; it is a tax shift, in my mind, and I know we disagree on that particular issue.

I would support your legislation if it was a separate bill; I certainly would support it, but to take it away off of everyone— And there are a lot of families out there that are really hurting, Mr. Speaker, in that same area with families of four, \$40,000, making \$40,000, and they are not going to get a

dime, nothing at all. If he had kept those families, with some type of reduction, this could be a piece of legislation I would support, and I would support it if it was a separate bill.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Maher.

Mr. MAHER. Thank you, Mr. Speaker.

Mr. Speaker, you and I have certainly had many differences over the years on many policy questions. In this case, though, I find myself in complete agreement. The promise of slots was a promise of property tax relief. That promise has yet to be kept. Your amendment will guarantee that every dollar of tax from slots available for property tax relief goes to actually eliminate property taxes from those who are beyond their earning years.

How many times in the decade, 4 months, 1 week, and 2 days that I have served in this chamber, have I heard explanations from my colleagues, on both sides of the aisle, who observe that the seniors in our communities now typically face property tax bills that are higher, more expensive than their mortgage payments were when they actually bought their homes? And these are folks who have now retired, they do not have the means to earn and support higher and higher bills.

I heard the maker of this bill say, well, you know, the seniors, we already took care of them; we are done with that; we are moving on to another subject. Well, I beg to differ. The families who built this great State, who built our communities, are those who suffer most greatly from increases in property tax, and we can eliminate that, immediately, without a tax increase. It is simple. It is brilliant. It is not any of this three-card monte, robbing Peter to pay Paul that you cannot even explain to your constituents in a half hour. Everyone can understand it, and our neighbors will be pleased that those who helped build their communities will not have to be run out of town because they can no longer afford to live in the communities they built.

Thank you for introducing this amendment, Mr. Speaker, and I enthusiastically support it.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Kessler.

Mr. KESSLER. Thank you, Mr. Speaker.

The maker of the amendment, I would like to ask a few questions, if I may.

The SPEAKER pro tempore. He has agreed, and you may proceed, sir.

Mr. KESSLER. According to my numbers, there are approximately 3.4 million homesteads in Pennsylvania. Does that sound correct?

Mr. PERZEL. It seems a little low, but it sounds about right.

Mr. KESSLER. And you said your amendment would help 600,000 homesteads. Is that correct?

Mr. PERZEL. That is correct.

Mr. KESSLER. And your amendment extracts the .22-percent increase in personal income tax, and also extracts the half a percent increase in sales tax. Is that correct?

Mr. PERZEL. That is not correct. It does not use either of those taxes. We gut the original provisions of HB 1600, which are the two taxes – the one-half a percent on the sales tax, and we do away with the .22 on the personal income tax. They are done away with.

Mr. KESSLER. They are done away with. So they are not available to anybody else.

Mr. PERZEL. They are not available, no, Mr. Speaker.

Mr. KESSLER. Okay. So if I take 3.4 million less 600,000, that leaves 2.8 million homesteads. Can you tell me, in the 2.8 million homesteads that are owned by people in Pennsylvania that will not get any property tax relief, as to what your thinking was to not be using that .22- and the .5-percent increases in order to drive out some relief to the 2.8 million homesteads?

Mr. PERZEL. Well, Mr. Speaker, over the years I have been told that the problem was senior citizens losing their homes because they cannot afford the property taxes. So I came back with an idea on how we can make sure that our senior citizens, the most vulnerable amongst us, will be able to afford to keep their homes, and we will pick up the cost of their school property taxes, Mr. Speaker.

When we think back to the example that was given by the gentleman from Allegheny, where the people were getting a \$250 and a \$300 rebate on \$2500 and \$3,000, this will assure that those two people do not lose their homes. This was about senior citizens losing their homes, Mr. Speaker. I do not know how we turned it into taking care of everybody in the Commonwealth of Pennsylvania. A noble idea – very expensive, but noble. But I went back to the idea, let us go to the most vulnerable population amongst us, the people that least can afford to pay their school property taxes, and let us help the people that really need that help, these 600,000, Mr. Speaker.

Mr. KESSLER. But if you were to leave the .22-percent increase in personal income tax and the half a percent increase in sales tax in HB 1600, would not those 600,000 seniors still get elimination? Because that is only based on the gaming money.

Mr. PERZEL. Those two taxes will be a wash in 4, 5, 6 years in this General Assembly. So you will be back to ground zero in 4 or 5 or 6 years trying to do the exact same thing you are trying to do today to make up for the ground you lost when the school districts raised their school property taxes. I am not voting today or tomorrow or the next day for a sales tax increase or a personal income tax increase. If the gentleman feels he wants to do that, that is fine. This gives 600,000 people relief with no tax increase at all, Mr. Speaker.

Mr. KESSLER. I would like to speak on the amendment.

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. KESSLER. This amendment affects 2.8 million homesteads that would get property tax relief through HB 1600. We cannot ignore those 2.8 million homesteads. We need to drive money to them as well.

Farming is our number one industry in Pennsylvania. It brings in about \$45 billion in business. Tourism is our second best industry in Pennsylvania. That brings in about \$25 billion. By increasing sales tax by a half a percent, we will be bringing in money, into this State, that can go back to people in property tax relief that can come from other than Pennsylvanians because of tourism. So we certainly need to keep these in and help these other 2.8 million property homesteads. Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. McCall.

Mr. McCALL. Thank you, Mr. Speaker.

Mr. Speaker, if the gentleman would stand for a question, please?

The SPEAKER pro tempore. The gentleman has agreed, and you may proceed.

Mr. McCALL. Mr. Speaker, in the language of your amendment, is the tax relief limited to residents in single homes as defined under the homestead exclusion?

Mr. PERZEL. It is not, Mr. Speaker; it is school property taxes.

Mr. McCALL. So persons that have garages, second homes, maybe rental property, they would all be eligible for the exclusion or for the property tax relief?

Mr. PERZEL. If they are paying property taxes, Mr. Speaker, they would be eligible.

Mr. McCALL. Thank you, Mr. Speaker. So garages, second homes, et cetera, all qualify?

Mr. PERZEL. For a low-income senior, the answer is yes.

Mr. McCALL. Mr. Speaker, on the amendment.

The SPEAKER pro tempore. The gentleman is in order and may proceed.

Mr. McCALL. Mr. Speaker, George Bush said that if you do not make my tax cuts permanent, you are increasing my taxes, and that is precisely what this legislation will do. It is going to increase people's taxes.

One of the things that we have done in this General Assembly just 2 weeks ago was pass a constitutional amendment to provide for 100-percent homestead property tax relief for all homestead properties in the Commonwealth of Pennsylvania. That is a commitment that we have made in this General Assembly. If we pass this language, we are breaking the promise we made to the people of Pennsylvania when we passed Act 1, legislation that the gentleman who sponsored this amendment advocated for and passed with his vote to give people of this Commonwealth, across the Commonwealth, property tax relief. We are breaking that promise today if we pass this amendment.

The second item that the gentleman admitted to is that his amendment guts entirely HB 1600, and we agree with that. And we also agree with the calculations made by the House Appropriations Committee on the Democratic side and the House Appropriations Committee on the Republican side who said there is \$400 million available for tax relief this year in the tax relief fund created by Act 1.

The gentleman's amendment needs, at minimum, \$1 billion. There is only \$400 million available to provide tax relief, so we are talking not a 100-percent tax reduction but more like a 40-percent tax reduction. But what we are about in this General Assembly is about going forward, not going backwards. We are about moving forward and providing comprehensive property tax relief for all Pennsylvanians, and that is not what this amendment does. Although noble – no question – although noble, it does not provide tax relief as we promised to all the taxpayers of this Commonwealth.

Mr. Speaker, the tax relief is on its way. There is no question that this year we are going to have tax relief. Wage tax relief would also be on its way to the people of Philadelphia and to the suburbs of people of Philadelphia. Well, that wage tax relief, if this amendment goes in, is not going to the people of Philadelphia, is not going to the people who live around the suburbs of Philadelphia. They are not going to receive any type of tax relief at all.

Mr. Speaker, this amendment, in fact, breaks our word. And I think even more disturbing to me, it pits generation against generation. The people of Pennsylvania asked us to give them comprehensive tax relief. We are on our way through the constitutional amendment that provides for the 100-percent

exclusion to fully fund what is currently in the law right now – funding 50 percent of the median against the homestead and then ultimately to provide 100-percent tax relief for the citizens of our Commonwealth.

This is an election-year amendment, Mr. Speaker. I would ask that we defeat the amendment.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Shapiro.

Mr. SHAPIRO. Thank you, Mr. Speaker.

Mr. Speaker, if the gentleman, the maker of the amendment, would stand for an interrogation.

The SPEAKER pro tempore. The gentleman has agreed, and you may proceed.

Mr. SHAPIRO. Mr. Speaker, when you began your remarks, you began with talking about seniors being helped. I believe the number you put out was 600,000. Was that the correct number, Mr. Speaker? I just want to make sure we are working off the same arithmetic here.

Mr. PERZEL. 630, roughly.

Mr. SHAPIRO. Okay; 630,000.

And, Mr. Speaker, the gentleman spoke, interchangeably it seemed, of seniors and senior households, senior homestead. I am just asking if the gentleman can clarify for the purposes of this discussion whether we are speaking about an individual senior, whether we are speaking about a senior homestead, a senior household. They all mean different things. I just ask if the gentleman could clarify it.

Mr. PERZEL. It would be very simple, Mr. Speaker, to read the amendment, page 1, lines 35 through 38: "All income received by a claimant and the claimant's spouse while residing in the homestead during the calendar year for which a rebate is claimed," Mr. Speaker.

Mr. SHAPIRO. Thank you for that clarification, Mr. Speaker.

And again, Mr. Speaker, we spoke of seniors making \$40,000 as is contained in the gentleman's amendment on lines 19 and 20, yet there was also some discussion about the property tax and rent rebate, which I am going to get to in a moment, which, as the gentleman knows, does not include half of your Social Security or your railroad retirement benefits. Again, I just want to clarify, this is a hard-and-fast \$40,000, so it does include 100 percent of Social Security. If the gentleman could clarify.

Mr. PERZEL. Yes, it does include 100 percent of Social Security, but we do keep the property tax and rent rebate program in effect so that you can collect your municipal or your county taxes off of that property tax rebate. We also take care of the renters, and we also take care of the disabled.

Mr. Speaker, I just wanted to mention, because one of the most important things in here is, I mean, I do not know how many of our citizens of Pennsylvania making under \$40,000 own extra garages and summer homes, but I do not think too many people making less than \$40,000, as was mentioned a little bit earlier, can afford to have an extra garage.

Mr. SHAPIRO. Mr. Speaker, with all due respect—

Mr. PERZEL. Mr. Speaker, I did not interrupt—

Mr. SHAPIRO. —the question has been answered. I would like to continue—

Mr. PERZEL. I did not interrupt you—

The SPEAKER pro tempore. Will the gentlemen yield?

Mr. PERZEL. Mr. Speaker?

The SPEAKER pro tempore. Will the gentlemen please yield.

It is virtually impossible for the stenographer to get both parties' comments when you are talking over each other simultaneously. So please, with proper decorum, please give each other the courtesy, one question, one answer at a time.

Mr. Shapiro.

Mr. SHAPIRO. Thank you, Mr. Speaker.

I will continue with my interrogation. I just want to take these point by point.

The gentleman spoke of the property tax and rent rebate, and I noticed on line 21, subparagraph (3), of his amendment, it says, "Have not applied for or received a property tax rebate for school property taxes paid pursuant to Chapter 13..." et cetera, et cetera. I just want to understand, the gentleman said he is not getting rid of the property tax and rent rebate, but one cannot qualify for both. Is that correct? One must pick one or the other. Is that correct, Mr. Speaker? Yes or no?

Mr. PERZEL. That is correct.

Mr. SHAPIRO. Thank you, Mr. Speaker.

Now, just moving on. I want to understand the impact of taking the money from the Gaming Fund or from the Act 1 moneys, as the gentleman spoke of earlier, as a method to fund his amendment here as a gut-and-replace to HB 1600. I want to make sure I understand that 100 percent of that gaming money would be taken to fund a property tax cut for a senior living in a household under \$40,000 worth of hard income – that is, not with the income being taken away – and, for example, a 35-year-old taxpayer who owns his home and has two, three kids, his spouse is home taking care of the children, he would not receive a tax cut that is currently promised to him under Act 1. Is that correct?

Mr. PERZEL. Well, there is no promise yet, Mr. Speaker. The Budget Secretary would have to on, I believe it is April 15, certify that there is enough money in the fund to be able to pay for that person to get a rebate. So there is nothing guaranteed to anyone right now, Mr. Speaker.

But yes, you are right on the senior citizens.

Mr. SHAPIRO. So I will rephrase my question.

Once the Budget Secretary—

Mr. PERZEL. No need to, Mr. Speaker. No need to.

Mr. SHAPIRO. I will rephrase the question, Mr. Speaker. I just want to make sure we all understand one another.

Once the Budget Secretary clarifies and certifies that the money will be coming, that 35-year-old would not receive the tax cut, correct?

Mr. PERZEL. He may not certify a distribution, because there may not be enough money or may not be a sustainable amount of money, Mr. Speaker, under any set of circumstances.

Mr. SHAPIRO. And again, once that money is certified, Mr. Speaker, then the tax cut promised – and that is my term, Mr. Speaker; I understand not the maker of the amendment's term – promised to that 35-year-old would not come once it is certified by the Budget Secretary. Is that correct, Mr. Speaker?

Mr. PERZEL. If it is a sustainable amount, the Secretary could certify that number. But if it is not sustainable, he will not. That is the answer.

Mr. SHAPIRO. Thank you, Mr. Speaker.

And I would, I guess also suggest, in the form of a question, should the Budget Secretary not certify that that money is available, this gentleman's amendment would not go into effect

either. Is that correct? Because there would be no money available.

Mr. PERZEL. That is correct. That is right.

Mr. SHAPIRO. I am sorry, Mr. Speaker? I just did not hear the gentleman.

Mr. PERZEL. It does not take effect until '09-'10.

Mr. SHAPIRO. Okay. So that 35-year-old would be losing his promised tax cut, or that senior would not be receiving their tax cut based upon the certification of the Budget Secretary, under the gentleman's amendment.

Mr. PERZEL. If there is no certification, there is no promise, Mr. Speaker.

Mr. SHAPIRO. Thank you, Mr. Speaker.

And I wanted just one other question related to the dollars and where they are coming from. I represent, as the gentleman knows – I know he has spent some time in my district – I represent a suburban district where there are many suburban dwellers who work in the city of Philadelphia who have been promised a nonresidential wage tax cut as a result of Act 1 going into effect, as a result of this gaming money.

Is it correct, Mr. Speaker, that under the gentleman's amendment, that promised tax cut – assuming certification by the Budget Secretary – would not come? That is, the suburban dwellers who work in the city of Philadelphia would not receive a wage tax cut?

Mr. PERZEL. The suburban workers in the city of Philadelphia would not receive that cut, nor would the people that live and work in the city of Philadelphia receive a cut. That cut would be done away with for everyone, Mr. Speaker.

Mr. SHAPIRO. Thank you, Mr. Speaker.

On the amendment, if I may, Mr. Speaker.

The SPEAKER pro tempore. The gentleman is in order and may proceed on the amendment.

Mr. SHAPIRO. I thank the gentleman for submitting to interrogation.

I fundamentally believe that this amendment is inequitable. I believe that while the gentleman is trying to address one problem, at the same time he is pitting Pennsylvanians against one another. And an equitable solution on an important issue like property tax relief – property tax reform as some have called it – is certainly not the answer, I believe, for this chamber.

Furthermore, as the gentleman stated in the interrogation, there are those who have been promised tax cuts once the Budget Secretary certifies that enough money exists in that Gaming Fund, which I believe will happen quite soon. There are those who have been promised wage tax cuts, there are those who have been promised property tax cuts – and that is not just folks under the age of 65, it is seniors making more than \$40,000 a year. It could be \$40,001 a year.

There are those who have been promised tax cuts who will be losing their tax cut if we support this amendment. Supporting this amendment is tantamount to a tax increase on most Pennsylvanians. I say most Pennsylvanians, Mr. Speaker, because there are 3.3, 3.4 million homesteads in Pennsylvania that are about to receive a tax cut as a result of what we did in Act 1 in the last session. This amendment would undo that progress we made and provide, in the words of the gentleman who has offered the amendment, a tax cut for 600,000 people. We are taking away a tax cut for 3.3 million people in Pennsylvania, and in taking it away, we are raising taxes on Pennsylvanians.

Mr. Speaker, we have set out to reduce property taxes in this debate; we have not set out to raise taxes on the people of Pennsylvania. That is what this amendment will do. I would urge my colleagues to defeat the Perzel amendment.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Surra.

Mr. SURRA. Thank you, Mr. Speaker.

Mr. Speaker, I rise to oppose the Perzel amendment, and with all due respect to the maker of the amendment. One of the previous speakers mentioned that he is opposed to this – and he said it very eloquently – because it is a political solution. I would like to add to that, Mr. Speaker: It is a political amendment during an election year.

This amendment is not about property tax reform— Mr. Speaker, I have met with many—

The SPEAKER pro tempore. Will the gentleman suspend?

Mr. PERZEL. Mr. Speaker, is that a question of my intent, Mr. Speaker?

The SPEAKER pro tempore. Will the gentleman please suspend.

Please give one another proper respect, decorum, and please be careful not to impugn the intention or integrity of another member.

Mr. SURRA. Thank you, Mr. Speaker.

Mr. Speaker, I have worked with many members on both sides of this aisle on this very difficult issue of tax reform. And the maker of this amendment, Mr. Speaker, was leading this chamber when we passed Act 1 in an effort to begin down the road of trying to lower school property taxes for all homesteads in Pennsylvania, Mr. Speaker. This pits seniors against working families. This is not what we want to do, Mr. Speaker.

You know, at this point in time there are no casinos in the Philadelphia area – none. We are going to take all that money raised from gaming, and if you look at this sheet that was handed out, Mr. Speaker, 92,058 homes in Philadelphia and garages and second homes and rental properties will be eliminated – their school taxes – in the city of Philadelphia. And not one penny comes from the Philadelphia area.

Now, this bill, this amendment, eliminates any of the property tax relief that we have promised every other homeowner in the State of Pennsylvania. And while I certainly appreciate the plight of our senior citizens – and we have come a long way in the expansion of the property tax and rent rebate program – senior citizens making under \$35,000 a year got a huge relief in their property taxes under the gaming legislation.

But what about the other homeowners? I am a senior citizen making under \$40,000 a year; my school taxes will be eliminated from my house, from my hunting camp, and from my rental property – and my house is paid for. What about the working family that has two kids that is still paying for their house that is making under \$40,000 a year? And just for your information, you have to have an income, a job in excess of \$20 an hour, to make \$40,000 a year.

Now, I do not know about in your districts, but I have a lot of working families that are struggling to make their house payment and their property taxes, and they are cut out. You are cutting out every other homestead and farmstead in Pennsylvania by voting for this.

Finally, Mr. Speaker, this amendment does not take into account the value of the home. It is not fair. If I happen to be living in a \$350,000 home with a school tax bill of \$6,000,

I will get \$6,000. But if I am living in a \$20,000 bungalow and a property tax of \$500, Mr. Speaker, I get \$500. That is not fair. And it cuts out all the working families, everyone else in Pennsylvania that is trying to make a go of it, trying to make their house payment. They not only owe their property taxes, they are still trying to pay for their house.

This is not fair, it is not what we want to do, and we should vote this down. Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman, Mr. Civera.

Mr. CIVERA. Thank you, Mr. Speaker.

Mr. Speaker, I listened to a lot of debate in the last 2 days on property tax reform. I listened to members of my side of the aisle as well as the other side of the aisle with very sincere ideas to remove the real estate school tax in Pennsylvania.

Members have worked on this issue for many, many years and believe in what they do and believe in what they found to be true. But, Mr. Speaker, I came to this chamber in 1980, and in the eighties is when the issue of the school tax came before the General Assembly, because the school boards were continually raising the real estate tax in the individual legislative districts and school districts throughout this State. And one of the first groups of people that came to us in town meetings when we went back home were the senior citizens. They were the first ones that brought the attention to this chamber that they needed relief, and they needed it immediately.

So the lottery program was put in place in 1978, and in 1979 we then opened up Pennsylvania for the first time, the property tax and rent rebate program, a program that every member on both sides of the aisle was very proud of. Why? Because we were helping the people that needed the help the most.

Now, I understand about working-class families. I understand about young people going to work and the husband and wife having to go out there and they have a high school tax. We understand that. We have seen study after study after study. But we have not taken care of what we originally set out to, and that was the people that needed it the most, the senior citizens.

I have heard speakers tonight say that this amendment is not the true amendment, that this amendment falsifies a pledge in what we voted for last week. Well, let me say something to that, Mr. Speaker: When we started the lottery program and when we started the rent and tax rebate program so many years, or too many years, later we started the prescription drug program to help seniors. So when we say that we are misleading the public because of a constitutional amendment that would pass, probably unanimously, in this State, that is not true.

We always can come back and add on. We always can come back and add on to what our original intentions were tonight, what they were last week, and the year before. But this is the real deal. Whether you want to believe it or not – and you could make all the excuses in the world – this is the real deal. This will get the attention of the Senate. This could pass.

Just last week the Governor was on TV, on the Philadelphia news media market, asking the people of south Philadelphia to come to a deal to put a casino on Columbus Boulevard. And what his reasons were – the jobs that the casinos provide – but his main reason was what he is doing for the senior citizens of this State and what the casinos are doing, because the revenues are there. The revenues are there.

We always could add on, like we added on with the prescription drug program. Originally from the lottery, we

started with the tax rent rebate program. And I know that this General Assembly is sincere enough that this program will be added onto. But it is a start, Mr. Speaker. Why should we go backwards? Why should we take a step in another direction? Whether you agree with this, that it is going to eliminate so many other people – and it probably will – people that would maybe get \$150, people that maybe would get \$200, they are going to say, you know what? My next-door neighbor almost had to lose their house, but thank God the General Assembly of Pennsylvania, both Republicans and Democrats, picked up that school tax. They do not have to pay that \$2,000 bill.

Now, you go home and you say something, you start talking in the town meetings, you start listening. And what the other side of the aisle is saying, I can understand, because of where they are coming from. However, we have to be one aisle tonight. We cannot be two separate aisles. This legislation has to go. This amendment is the real deal. It will pass the Senate of Pennsylvania. It will have their attention. Why deny it? Why deny it? And everybody that has the ideas of what they want to accomplish here with helping other people, it will be there, because once— And you know something? That was the original argument when we did casino gambling, was senior citizens. Think about it. Talk about a pledge? Talk about a promise? There it was.

So tonight I ask you to support the Perzel amendment. I think it is the right thing to do, and I think that the Senate of Pennsylvania, knowing how I know them, will move on this issue. Thank you.

### THE SPEAKER (DENNIS M. O'BRIEN) PRESIDING

The SPEAKER. Representative Haluska.

Mr. HALUSKA. Thank you, Mr. Speaker.

Mr. Speaker, this is about promises made and promises broken. And I have been here going on 14 years now, and when we did the original bill, the promise was not what the previous speaker said; the promise was to bring property tax relief to homeowners and farmsteads across Pennsylvania. There was nothing said about singling out seniors. So then a few years later we came back and we raided this fund for \$250 million a year. We took out of this fund, or we would be giving property tax relief by now, and we borrowed the money from the lottery and we will have to pay that back.

So here we go again, and you wonder why we do not have credibility with the citizens that we represent. When we did the original gaming bill, it was a promise that the gaming money would be used to give property relief to homeowners across this State – not seniors, not 30-year-olds, not 20-year-olds – property owners, homesteads, farmsteads across this State. So now we find ourselves raiding the fund again. Now this is going to be the second time we have broken the promise. We are going to go in now and wipe this out, and we are not going to give property tax relief to those homeowners across Pennsylvania because we have broken our promise again.

So I did not support the first time that we raided this fund to expand the property tax and rent rebate because I thought it was unfair to the working-class people in this State, and I think this is very unfair to the working-class people in this State, and I will not support this amendment. Thank you.

The SPEAKER. Representative Clymer.

Mr. CLYMER. Thank you, Mr. Speaker.

Mr. Speaker, I just have a very brief observation. We know that the lottery program has been very successful because it has promoted our senior citizens; that is the genesis of its success. And this amendment, should it pass, I visualize that there will be one of the casinos that will be advertising on billboards and television and radio, come visit us, because the money that we earn for the Commonwealth of Pennsylvania will go to property tax relief for senior citizens.

Now, while property tax and rent rebate will be excluded from the lottery program – I understand that – you now have a very interesting situation where you have a casino or casinos and the lottery promoting benefits for senior citizens. And I do not know what the unintended consequences will be, but I am certain that there is going to be some kind of a fallout; I am not sure what. Many members have already explained what they thought the outcome would be if you pit one generation against the next.

But I thought that was just an interesting observation, because be assured, the casinos that are operating today and that will operate tomorrow, if they find that this niche can bring more people in to their gambling operations, they will do it.

Thank you, Mr. Speaker.

The SPEAKER. Representative Belfanti.

Mr. BELFANTI. Thank you, Mr. Speaker.

Will the maker of the amendment stand for brief interrogation?

The SPEAKER. The gentleman, Representative Perzel, indicates that he will stand for interrogation. The gentleman is in order and may proceed.

Mr. BELFANTI. Thank you, Mr. Speaker.

Mr. Speaker, the legislation that we adopted last week concerning a constitutional change whereby we could eliminate the homestead/farmstead formula, which is based on the average mean assessed value of a property in a school district, could actually be reduced to a 100-percent reduction in everyone's property regardless of what school district they lived in and regardless of what the average mean assessed value of the properties were.

Now, if your amendment is adopted, are we able to revisit that issue, continue on our journey with the constitutional question put before the voters to change that formula, if you will, and give everyone in the Commonwealth at some point, under some formula, with some sort of revenue stream, full property tax relief for homeowners and farmsteads and not necessarily all the sub-S corporations and the others that were included in the Rohrer amendment? If your amendment is adopted, does that preclude us from traveling down that road?

Mr. PERZEL. No, Mr. Speaker. We could still raise the personal income tax. We could still raise the sales tax. We could raise corporate taxes. Whatever taxes this body was willing to raise in order to cut those taxes, we could raise, and you could still do it, yes. The answer is yes.

Mr. BELFANTI. Thank you, Mr. Speaker.

And, Mr. Speaker, this day will likely go down in infamy, because I rise to support the Perzel amendment.

I also agree with Representative Schroder's remarks earlier. I was undergoing minor surgery earlier this afternoon, and I was watching PCN (Pennsylvania Cable Network) in the recovery room as the Rohrer amendment went down, which would have been a real killer for my district. And the reason that I have not supported my good friends, Representative Levdansky and

Representative Schroder, in the past is because I live in one of those school districts that was built by coalmine operators where there are a myriad of row homes, and the property values on those row homes are very low.

In addition, however, in my legislative district and in my home school district of Mount Carmel, we also have some very new developments where property tax owners are paying \$2,000 and \$3,000 and \$4,000, like those in Representative Scavello's district are paying and some of the others in here.

But I really urge the members to look at the printouts, to look at the printouts, because in the Mount Carmel School District, under the homestead act No. 1, my property tax owner's maximum benefit would be \$33, even if they were paying that \$2,000 or if someone was paying \$30. Under the legislation of 1489, that jumps up in Mount Carmel to a whopping \$140 and a whopping \$141 in Shamokin. And under HB 1600, my two largest school districts jump up to a massive \$233 maximum, irrespective of what the property tax is in that development, and in Shamokin \$240.

Now, Mr. Speaker, this is not inherently unfair. As my good friend and colleague, Representative Surra, said, there is some unfairness in the Perzel amendment. Well, I find it to be fairer than what we had before us. I voted for the constitutional amendment last week so that we could travel along those roads, and Representative Rohrer's legislation was admittedly going to take until about 2009 or 2010, and we were going to tax all kinds of new goods and services that my folks, when they buy one washer and dryer combination, would lose their entire year's tax rebate by buying a Sears washer and dryer.

Now, I have some districts that do a little bit better, but I am talking about district No. 501 out of 501 and 499 out of 501. And there are a lot of members on my side of the aisle that better take a good, long, hard look at what we have before us. Should we be rushing into legislation that we are going to be able to all go home and say, okay, we did something about property tax reform that the Senate probably will not do anything with anyway. Or should we say, be a little bit more patient; let us put one more ballot question on for you to decide, even though you have rejected a couple, but for you to decide that there will not be any deceptive language that talks about the average mean assessed value like all the people in my district were running to the polls, yeah, I am going to vote for that because it is going to reduce my homeowner's property taxes – at least my main home – by 50 percent, and they were misled, and they are being misled tonight as they were last night.

And I was here last night. Again, I could not get out of the scheduled surgery I had today, but I got back here as quickly as I could, and I am just saying that we are better off doing the Perzel amendment tonight and putting the question on the ballot and taking the issue up again next session, the very early part of next session. We are still on the same timetable that we were talking about last night and that we were talking about earlier today. We are still on that same timetable.

By 2009, maybe we can come up with a mix of property taxes and EIT where all homeowners, irrespective of what school district you live in, irrespective of what the average mean assessed value is of the homes in your school district, every one of us can go home and say, we are working and we have worked and we have found an answer through a combination of taxes to eliminate 100 percent of your homestead and your farmstead property taxes. And the business community, those sub-S's who are now paying their fair share of

property taxes will continue, under the Constitution, under the new constitutional amendment that I hope we can pass, they will continue to pay their fair share. We will not need to dig an \$18 1/2 billion debt hole. We will not need to spend \$10.5 billion in funding taxes at the local school district level. We can do this with \$5 or \$6 billion, and let us just be sharp about it. Let us do what we were sent here to do. And if it takes an extra year to do it – I have been here almost as long as the former Speaker, Mr. Perzel – he outranks me by a couple of bucks and a couple of years – but I have been here a long, long time, and we have been talking about this issue for a long, long time.

Let us do what is fair for everyone, not just certain school districts, not by average mean assessed value. Let us do something today that the Senate will dive on, and we can all go home and say we took a bite out of the apple. We are going to give you a shot now, John Q. Public. We are going to give you the shot at taking your bite out of the apple on the ballot, and then we are going to come back here and we are going to come up with a mix of taxes that it will be yes or no in this chamber and the Senate and see if it gets to the Governor's desk. But you will have your shot, and we will have given it to you tonight.

So as I said, today will go down as a day in infamy, but I support the Perzel amendment to HB 1600.

The SPEAKER. Representative Pyle.

Mr. PYLE. Thank you, Mr. Speaker.

I would like to stand in concurrence with the gentleman from Northumberland.

Mr. Speaker, I was not around 4 years ago when the gaming legislation was debated overnight, but I did follow the debate very closely, and what made it palatable to my people in Armstrong County was that this money was to be used for property tax relief. In the ensuing years I have watched this money be dedicated to stadiums and to airports and to libraries and to everything except what it was intended for.

Now, I sense in the room tonight, Mr. Speaker, this magnificent hall of the people, a tone of finality, that this is a completion of a job. I choose not to look at it in that sense. Eliminating a \$13 billion hole from a budget and funding public education in local government is not an easy task. It will take steps. However, tonight with A5339, we have the ability to make a very real, definitive, measurable, and positive step.

Senior citizens have been described as those who need the relief most. That is probably very accurate, but, Mr. Speaker, let me tell you my tale. Where I live we are now called the rust belt. We were the factory heartland of this Commonwealth. It was our steel and our glass that built it, veterans coming home from World War II and working the 8 to 4 at PPG or Allegheny Ludlum or Brackenridge U.S. steelworks.

Mr. Speaker, when those jobs left, we lost entire generations, where now you can walk for blocks in my Ford City and encounter no one who is not a senior citizen. Mr. Speaker, I support Mister – I am sorry, I almost said his name – the gentleman from Philadelphia's amendment. This is a very positive first step, and if we can commit ourselves to making further steps, I do like Representative Levdansky's approach. I think it is a great next step, but for now, we can dedicate the gaming revenues for what they were told to us they would be used – property tax relief leading to elimination.

I support A5339 and encourage my honorable colleagues to do the same. Thank you, Mr. Speaker.

The SPEAKER. Representative Sturla.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, if I recall correctly, we told the citizens of Pennsylvania, all of them, that we would be looking at getting them property tax relief for their homesteads. And while my district has a considerable amount of seniors, it also has a considerable amount of working families, some of whom are working two part-time jobs, both husband and wife, and the average median income in my district is around \$27,000 a year, per household. And what this amendment does is says to those people, you do not get any tax relief – sorry; too bad. Work hard, try and pay your mortgage, pay your taxes, we are not helping you out one bit.

There are also some nice sections of my city that have some retired seniors who made some decent money during their lives. They might have been making \$80,000, \$90,000, \$100,000 a year while they were working. Now they are retired. They have a pretty good nest egg put away. They might be making \$39,900 a year, have a couple of hundred thousand dollars in the bank, and their house is paid off. Guess what this amendment says to them? They get complete property tax relief. Every bit of it – gone. It does not matter if they own a house at the shore, it does not matter if they own a house in the mountains, it does not matter if they have a boat sitting in the yard. It does not matter what is going on, they get complete property tax relief, and the young family that is next door to them, struggling to get by every day, gets nothing; zip; nada. That is what this amendment does.

That is not the promise I made. That is not the promise anyone else made when we looked to do property tax relief in the State of Pennsylvania.

The SPEAKER. Representative Petri.

Mr. PETRI. Thank you, Mr. Speaker.

You know tonight, just like most nights in this chamber, it is about balancing, and you balance one idea against another. Well, let us do that for a moment, but let us be real clear about what we are balancing.

On the one hand, you have an underlying bill that gives you an opportunity to vote for \$1 1/2 billion of new taxes, and in Bucks County you might get \$400 or \$500 a household when it is all said and done. Not a very good deal for Bucks Countians and, quite frankly, not a very good deal for Pennsylvanians.

On the other hand, on the other hand you say, well, there is likely to be some gaming money certified. Everyone in this chamber knows that if there is any money, any gaming money certified this year, it probably will be \$400 million and no more, which might mean – because I have looked at the charts – in my district \$80 to \$100. So that is what I am trading off. But what am I getting in exchange? I am getting 15,000 seniors in Bucks County who desperately need the money, who desperately, desperately need that money, who have told me time and time again that relief will enable them to stay in their house.

Now, for most of those seniors, those houses are oversized. They are more than what they really need for their own needs. So if they move out, a young family moves in with kids, and we start the cycle all over again. Every person in this chamber knows that, because you have the same circumstances in your district. So when we talk about the tradeoffs tonight, let us not fool anybody; let us be real clear. You are asking your average homeowner to give up 100 bucks in order that their grandmother, their mother, their father, can stay in their house.

Now yes, we have heard about all the vacation homes and the boats and the other properties they have. This is an income-qualified provision. How many seniors do you know that are making less than \$40,000 that have boats and shore properties and vacation homes and the like? This is a very, very simple tradeoff. And to put the icing on the cake, in the end you have not broken a single promise. You still have the ability to deliver 100-percent homestead relief to every homestead and farmstead in the State under a separate bill, where there is a fair distribution and where wealth is not substantially redistributed in a way that sends it to Harrisburg and the homeowner in our district never sees it.

Vote for the Perzel amendment and at least satisfy the promise of that one senior who looked at you and said, will I ever see any property tax relief before I am drooling? The answer could be yes; it is up to you.

### LEAVE OF ABSENCE CANCELED

The SPEAKER. The Chair acknowledges the presence of Representative Sam Smith on the floor. His name will be added to the master roll.

### CONSIDERATION OF HB 1600 CONTINUED

The SPEAKER. The Chair recognizes Representative Bastian.

Mr. BASTIAN. Thank you, Mr. Speaker.

A few minutes ago Mario Civera made a very astute remark when he said that the Senate will take up this bill if they get it. The one thing he did not say and I think needs to be added, that if the Senate gets any other property tax bill, it is probably dead on arrival because of the fact that the Senate will not take up anything that has a sales tax or an income tax provision to it. They are not going to raise the tax; they will take up the Perzel amendment. They will not take up anything else, that is possible, so I think we need to definitely vote for this Perzel amendment.

Thank you very much, Mr. Speaker.

The SPEAKER. The Chair recognizes Representative DePasquale.

Mr. DePASQUALE. Will the maker of the amendment please rise for brief interrogation?

The SPEAKER. The gentleman indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. DePASQUALE. Thank you. I promise you that I am one of the undecided votes on this. If more seniors— I just want to make sure I understand it – the \$40,000 is the threshold and they would have complete elimination – if more seniors were to move into Pennsylvania, do you foresee any potential problem with the Gaming Fund meeting that obligation?

Mr. PERZEL. Mr. Speaker, I am very glad you asked that question.

I received a corrected memo on the fiscal note from the Appropriations chairman, Mr. Evans, at 7:03 this evening. And in that memo he said, "Consequently the total revenue accumulated in the Fund and available to eliminate senior's property taxes in 2009/10 is estimated to be approximately \$1.6 billion," which is about \$500 million more than we need for the program.

Mr. DePASQUALE. Great. Second, on the \$40,000 figure, do you foresee – it is not part of your plan – but do you envision an inflation index as we move forward for that \$40,000 figure?

Mr. PERZEL. Well, that would be the will of this General Assembly, Mr. Speaker, but we could change that at any time.

Mr. DePASQUALE. Understood.

If you were just below the \$40,000 threshold in, say, this fiscal year and we were to pass this and it were to be law and in the next fiscal year you were to get a COLA (cost-of-living adjustment) of some type that would bump you above the \$40,000 amount, in that scenario, someone would go from zero to a full property tax bill. Is that correct?

Mr. PERZEL. Yes. But if they were still qualified for the property tax and rent rebate – which under the circumstances we have right now, they would not be qualified – but we could expand that program because so many more people would be going to the program where we eliminate the school property taxes.

Mr. DePASQUALE. Great; thank you.

Mr. PERZEL. It could be done.

Mr. DePASQUALE. Thank you. One final question— And I appreciate the numbers you gave from the fiscal note, although I understand there is an updated fiscal note, so we can have that discussion—

Mr. PERZEL. That was my third one, too, Mr. Speaker.

Mr. DePASQUALE. Yes. —so we will have that discussion some other time.

But as locals raise the school property tax as will happen any year, we would at some point have to add to the fund, I mean, as time moves on. And I do not mean that as a negative or a positive. I just mean at some point we will have to likely supplement the fund or add other table games or revenues. Is that a possibility?

Mr. PERZEL. Mr. Speaker, this General Assembly reevaluates the different programs all the time. We could come back and expand that program if we decided. If we decided to go to every single property tax payer and say, we are now going to spread this other money out throughout the State, we could come back and look at doing that. Yes, we could.

Mr. DePASQUALE. Great. Thank you, Mr. Speaker.

The SPEAKER. Representative Reichley.

Mr. REICHLEY. Thank you, Mr. Speaker.

Will the gentleman stand for brief interrogation?

The SPEAKER. The gentleman indicates he will stand for interrogation. The gentleman is in order and may proceed.

Mr. REICHLEY. Thank you, Mr. Speaker.

I know we have gone over a number of these questions perhaps a few times, but just to be absolutely clear about what is taking place by way of the Perzel amendment, Mr. Speaker, would, in fact, those people who are currently receiving the property tax and rent rebate be displaced entirely from receiving their current rebate amounts by enactment of the Perzel amendment?

Mr. PERZEL. No, not entirely, Mr. Speaker.

Mr. REICHLEY. Based upon the income limits that are currently existing within the property tax and rent rebate program, Mr. Speaker, can you explain for those seniors what would be the impact of your amendment?

Mr. PERZEL. One or the other. We have not done away with the property tax and rent rebate program, Mr. Speaker. Truthfully, the way it would work is you would take one or the other, but not both.

Mr. REICHLEY. So for those who are having an annual income of under \$40,000, it would be a complete abatement, but for those who are currently under the PTRR (property tax and rent rebate) program up to the \$35,000 amount, they, if they are over the \$40,000 annual income, would still be eligible to participate in PTRR. Is that correct?

Mr. PERZEL. That is correct.

Mr. REICHLEY. And in fact, by enactment of your amendment, would that not free up funding which is currently allocated under the property tax and rent rebate program which is being distributed to those individuals who are in the lower income levels, and in the future allow us to expand the property tax and rent rebate program to perhaps capture those at a higher income level who are not receiving the rebate?

Mr. PERZEL. That could be done, Mr. Speaker.

Mr. REICHLEY. And the abatement of the property taxes for those under the \$40,000 level, under your amendment is accomplished without any tax increase either at the State or local level. Is that correct?

Mr. PERZEL. That is correct, Mr. Speaker.

Mr. REICHLEY. All right. On the amendment, Mr. Speaker?

The SPEAKER. The gentleman is in order and may proceed.

Mr. REICHLEY. Thank you very much, Mr. Speaker.

Mr. Speaker, in listening to a number of the commentaries from some of our members on the other side who have expressed either disenchantment or confusion as to the merits of the Perzel amendment, the last speaker from the York County area addressed the question of how this would impact his area, and I noticed in the spreadsheet that we have that is solely based upon gambling revenue, the Central York School District, based on gambling revenue alone, would have received \$80 – \$80 – per household. Those in the York Suburban School District would receive \$69 per household, solely from gambling revenue.

The kind of property tax relief that is going to be afforded to some of the households of working families is more or less the equivalent of filling up the gas tank two or three times in the next month. This is not the kind of configuration that was imagined under property tax relief. And that we can look our seniors in the eye and say that we were able to abate it for those who are the most vulnerable, without increasing taxes on others, is something which I would think everybody in this chamber would embrace. Why would you not attempt to eliminate the property tax payments of those seniors who have come into our district offices and complained about being the most vulnerable – without raising taxes on anyone else?

One of the gentleman earlier, it may have been the other gentleman from York, who complained that this pits working-class people, working-age people against seniors, that was inherent in the Act 1 referendum, which I think was endorsed by many members on the other side. That kind of referendum pitted those who were going to be working and facing an earned income tax increase against seniors who are going to be benefiting was part of Act 1. And then we have the same thing now, but now we are able to accomplish an abatement, completely, for those with an annual income under \$40,000, without increasing taxes.

So in an environment where we hear the Federal government talking about providing some kind of tax rebate to those working families in light of the oncoming potential recession, why should not Pennsylvania try to address those seniors who have been the ones who are most vocal, the most vulnerable, the

most at risk from losing their homes and try to provide them with a complete abatement that would continue on into the future and not have to come back and revisit this topic for those individuals.

So I would urge all members to look seriously at the spreadsheets that have been provided. Look at the first column in terms of how much is being provided per homestead, per family, on gambling revenue alone and then evaluate that against being able to tell the seniors in your districts, in the little towns – in Schuylkill County and Berks County, up into Erie County, into Lehigh County – that you are going to be able to absolve them from paying property taxes from this date forward and how you would deny them that chance.

Thank you very much. Vote "yes" on the Perzel amendment.

Thank you, Mr. Speaker.

The SPEAKER. Representative Maher.

Mr. MAHER. For the record, Mr. Speaker, I believe this is my second time on the amendment.

You know, it has been one of the more remarkable debates. A minute ago we heard from someone across the aisle who reminded me about the old situation where the prisoners went on strike because they had two fundamental complaints: Their complaints were that the food was inedible, and their second complaint was that they could not have seconds.

And we are hearing that folks say they do not like this program, but it should be expanded. Well, I think we could agree that we would aim to expand this program, and certainly with the Democratic Appropriations chair's estimates of the funds to be available, it certainly looks like we could expand this program.

Now, I wonder then why some others on the Democratic side of the aisle would seem to suggest that the Governor is misleading this body about what funds will be available. I am shocked, shocked to discover that you would think such a thing about the Governor's budget estimates, and I hope you will put that question to him when he presents his budget address to us very soon.

I am also surprised to hear the grand offenses of Act 1. It seems to me that if we go back just a couple of years, Act 72 was rejected by virtually 500 school districts in Pennsylvania. People could see that that was so cumbersome, so complex, and they did not believe it would really provide any lasting tax relief. And last year the people were again wise enough to see through the sham of Act 1, and nearly 500 school districts rejected that as well.

Five hundred school districts rejecting two programs that look very much like HB 1600 before this amendment. I say that that adds up to 1,000 times no. One thousand times no, Pennsylvania has said to these three-card monte schemes where you need a printout that looks something like this and goes on for pages and columns and who makes what and who loses what and who can tell and who can explain it and who can explain why.

Let me remind my friends from Allegheny County in particular that the notion of a new half-cent sales tax for property tax relief is not new to those of us in Allegheny County. We have had a half-cent sales tax for property tax relief since the inception of the RAD (regional asset district) tax. Half of the RAD tax – it is a one-penny sales tax – half of that tax goes for property tax relief.

Now, how many of you from Allegheny County remember getting calls and letters from your constituents saying, I feel

relieved? I already have property tax relief. That certainly satisfies my appetite. No, instead what you hear is they know they are paying that half cent and they know that they are still paying more in property taxes.

Now this plan, before the Perzel amendment, offers up the prospect that the day will come when you will be inviting your constituents to reach into their right pocket, take a dollar out, put it in their left pocket, then stand in front of the mirror and say, gee whiz, I feel richer for that experience. They will know they are no richer for that experience, and that is why they will reject this bill as it stands now, just as they saw through Act 1, just as they saw through Act 72.

We have an opportunity tonight to do something genuine. We do not need to raise taxes \$1.8 billion, as has been proposed. We can keep the promise of property tax relief. Let us deliver property tax relief 100 percent to the senior population that has built our communities – your moms, your dads, your aunts, your uncles, the grandparents of Pennsylvania's children. Let them live in their homes. Let them not face the prospect of confiscation of their very homes. You can do this tonight.

You know, it is so simple. This plan is so simple that those who qualify— And I agree with those who have suggested that we should expand it with the extra revenue that Mr. Evans has now identified, and I think we would set forth to do with all due speed, but imagine this: Qualifying individuals – it is so simple – they either mail their school property tax bill into Harrisburg or they come by your office, they drop it off, and you explain to them you will handle it from there, the paperwork will all be taken care of. What could be easier? What a joy would it be, how much joy you could bring to so many of your constituents by just taking this burden off of their mind, literally and figuratively. There are 65,000 households in Allegheny County that would qualify for this, 65,000 households who would have zero school property taxes.

In Washington County, which I also represent, it is nearly 13,000 households. Now, those of you who represent Allegheny County and Washington County have a fair idea how many total households there are in residential properties in those counties. Thirteen thousand households in Washington County would pay zero school property taxes. That is significant. And they would have that good news without the illusion of picking pockets and moving money from this side of the table to that side of the table, to mail it into Harrisburg, because people know when you send money into Harrisburg, it is apt not to make the trip home.

If you think about the promise of the slots, which was talked about earlier – \$1 billion for property tax relief, and there are broken promises. We have heard how some of this money has been hijacked for wage tax reductions. We have not been reminded tonight, though, that the very gentleman who talked about this voted for a program that confiscated from the slots taxes the sum total of what was scheduled to go to every single homeowner in the entire State of Pennsylvania, for an entire year, got hijacked to build one new building in Philadelphia. That is why there is only one dollar in seven out of slots that is going to homeowners for property tax relief. Well, let us fix that. We can repair that this evening. Let us send the money home. Let us keep it simple; if you are eligible, you pay nothing. And we can expand the eligibility with this newfound money that Mr. Evans has talked about.

So join me, my friends from Allegheny. Do not fall for another half-penny sales tax. Your friends at home will not appreciate someone trying to pull that trick a second time. It has

been a dozen years. They did not like it the first time. I do not think they would like it a second time.

Thank you, Mr. Speaker, and thank you, Mr. Speaker, for introducing this amendment.

The SPEAKER. Representative Metcalfe.

Mr. METCALFE. Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of the Perzel amendment. Mr. Speaker, I believe that this amendment is good for the taxpayers of Pennsylvania and good for the senior citizens of Pennsylvania. Allow me to explain.

Mr. Speaker, the Levdansky legislation, HB 1600, guarantees that taxpayers across the Commonwealth will pay more in personal income tax and more in sales tax. And the way the legislation is drafted, it has no spending controls to ultimately protect the taxpayers from further increases in their property taxes or further increases in those same taxes that will be raised to reduce some of the property taxes.

Mr. Speaker, what the majority of taxpayers fear when we talk tax reform is that the government is going to take more of their money than they did before. Well, Mr. Speaker, HB 1600 will result in the taxpayers paying more, both out of their pocket where they pay the PIT, the sales tax, and ultimately the property tax.

Mr. Speaker, this is elimination of property tax for, I think it was said 600,000 senior citizens, I believe was the number. Mr. Speaker, this is the type of legislative bonus that seniors want. They would like us to give them elimination of their property taxes, Mr. Speaker. Mr. Speaker, this is a bonus for the taxpayers because it eliminates the increase in those taxes that will come through HB 1600. Mr. Speaker, this is truly the legislative bonus that should be promoted by the legislature. It is to protect taxpayers from having to pay more in PIT, more in sales, and a higher property tax that will result from the same HB 1600, at the same time as eliminating, eliminating, Mr. Speaker, many senior citizens' property taxes. It is a bonus that we could all vote for.

Let us do it for the taxpayers and the seniors. This is a bonus to say yes to.

The SPEAKER. Representative Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, when we passed Act 72 and Act 1, we did so because we wanted to provide property tax relief to all Pennsylvanians – not just senior citizens – but to all Pennsylvanians. And the maker of the amendment was in a position of authority in the House at the time that if he thought that we should use all the Act 1 revenues for senior citizen property tax relief, he could have made that a reality when we passed Act 1 or Act 72. But something has changed since then. Something has changed. But what should not have changed is our commitment to provide property tax relief both to senior citizens that are low income, living on fixed incomes, and general property tax relief to all citizens of the Commonwealth, all 3.3 million homesteads and farmsteads in the House.

Now, just let me remind everybody of the significant property tax relief that we provide to senior citizens under Act 1. Under the property tax and rent rebate now, we have raised the income eligibility guidelines up to \$35,000 and only half of a senior household Social Security counts towards that. So they could actually have higher income in that and qualify for property tax and rent rebate up to a maximum of \$650 of a rebate for seniors.

And in addition to that, seniors whose property taxes represent 15 percent or greater of their income get an additional kicker. And that additional kicker means that some seniors, some of our low-income seniors are receiving a \$975 rebate from the State to help pay their property taxes. We have done— And that is a success. We have done very well in providing targeted help for senior citizens under Act 1, but of the criticisms I have heard about Act 1 say, well, it just does not do enough for everybody else. It is a very good, it is a very good program for senior citizens, but everybody else is not satisfied with the level of property tax reductions that they are going to realize.

So that is what we are trying to do with HB 1600 – to achieve that. And essentially what this amendment does, it guts and replaces the bill with this amendment. What it does is, it negates the sales and the personal income tax increases that are in the bill that will be used to provide broad-based property tax relief for everybody, including seniors. This amendment knocks that out. So there will not be any broad-based property tax relief if this amendment goes in place.

In addition, let me point out that this bill is going to be followed by a companion bill, HB 93. That is sponsored by Representative Rosita Youngblood. And what that bill will do is take part of the proceeds that Philadelphia will get from HB 1600, and it will target that relief to low-income seniors in Philadelphia. So there is a program that Philadelphians will be able to vote for that provides targeted property tax relief for seniors in Philadelphia. And that will happen under HB 93, if this amendment is defeated and this bill is passed. That money is available – Philadelphia's share – to provide targeted property tax relief for low-income seniors there.

Mr. Speaker, there has been a lot of debate and, I think, confusion relative to how much money is available from the slots. On both sides of the aisle, the printouts that have been prepared show the property tax relief available for everybody for fiscal year '08-'09 and 2009-2010. Both of those years, the dollar amount of property tax relief that you see on your printout is based on an assumption that \$400 million will be reasonably available to fund property tax relief.

This amendment, this amendment, I want to make it clear, does not take effect until— The language in this amendment says, the act "shall apply to property taxes levied for the first fiscal year beginning after December 31, 2008...." The beginning of the fiscal year after December 31 of 2008 is July 1 of 2009.

So what this amendment would do would take the \$570 million that is presently available and leave it sit there. Nothing will happen this July as we would have— Under Act 1, there is going to be a distribution this July. But if this amendment goes in, that will not happen, and that money will sit there and then more revenue will accrue up until after July 1 of 2009, then there will be over \$1 billion. And when that happens one time, he will be able to fund the property tax relief for seniors that he says. But each year thereafter, it will be decreased because he has taken 2 to 3 years of revenue from slots that is available to do it the first time, to get at that total elimination of property taxes for seniors making less than \$40,000. But every year thereafter, you will not be able to do that. So it is a one-time shot, under this amendment. So you have to keep that in mind.

Mr. Speaker, there is also something really important in this. Thank goodness— My parents are aged and they are under the

\$40,000 and that is no problem, and I love my parents. If this amendment were to become law, I am going to give my house to my parents. And let me tell you why. And not just me, but all property owners that pay property tax will be encouraged to give their property to their parents if they make less than \$40,000. And here is why; here is why: Under present law, and the present property tax and rent rebate law, it includes the word "homestead." We want to make sure that under Act 1 and everything else, and under 1600, that we are driving property tax relief out to homesteads – homesteads and farmsteads. And furthermore, the existing law defines real property taxes, listen to this, all taxes on a homestead. All taxes paid on a homestead is what real property taxes are, under the definition of present law.

In the definition in the Perzel amendment, he eliminates the term "homestead" and instead the term "property tax" is defined as "a tax levied by a school district on real property."

Now, Mr. Speaker, this amendment is different from what it purports to be. This amendment uses a different definition of "property taxes" to offset, just by defining it as, quote, "a tax levied by a school district on real property."

Mr. Speaker, I want to target property tax relief to people that live in their homes, not to property that they own that they do not live in, not the property that they own that they do not live in that they rent, that they make income from, and they do pay taxes on that. The laws that we passed year after year and vote after vote always try to target property tax relief to homeowners, to where you live, but this amendment does not do that. Under this amendment, we will pay anybody that is 65 or older and whose household income is less than \$40,000, not only will they have their property taxes paid from the slots fund on their home, but if they got a second home, if they have rental property, if they have business properties, they can get rebate, under this plan, for all properties that they own – not their homesteads – all property that they own.

But why should the Commonwealth and why should the slot fund pay for all properties, rental properties, and others? This is a fatal flaw in this amendment. So under this amendment, here is what people could do: We could take our homes, transfer them to our parents, I could transfer my home to my parents who are well over 65 and they make less than \$40,000 and they now own my home, and guess what? Guess what? The slot fund is going to pay the property tax on the home that I live in because I transferred the property into their name. That is what will happen under this amendment because he does not use the definition of "homestead" in existing law. That is wrong; that is a fatal flaw; that is an error that you cannot vote to support.

So again, seniors will have their property taxes eliminated, paid for, not just on their homes, but all properties that they own. That is not our intent. That should not be what we facilitate happening, Mr. Speaker.

Mr. Speaker, one final thing. Again, we have an amendment, we have a bill later on to deal with the Philadelphia situation. This amendment guts the bill; guts the bill. There will be no property tax relief for everybody else. Seniors will be, seniors – targeted group – will have their property taxes eliminated. But you know, I remember having a town meeting when we were going through Act 72, and I will never forget this. It was a town meeting, and when I explained about how locals have the option to raise their local wage tax or shift to a local PIT, a senior citizen came up, raised her hand and said, I want to make sure

I understand this, Dave. So if we vote in our school district to raise our wage tax, I will have my property taxes reduced, but my kids and my grandkids will have to pay higher wage taxes? I say, correct. She says that is not fair. My kids are struggling and grandkids are struggling to pay their property taxes, too, and it is not fair that I just shift it all onto them and I do not have to pay anything. She says, that is not fair.

Mr. Speaker, our senior citizens, generally speaking, they care about our Commonwealth. They care about their families. They certainly care about their property taxes, and they care about the property taxes that their kids and their grandkids have to struggle to pay as well, just like they do. This amendment caters just to one targeted group at the expense of everybody else. This amendment guts the bill. It rips the heart and the guts out of our efforts to provide property tax relief to every homeowner in Pennsylvania, and I would urge its defeat.

The SPEAKER. The Chair recognizes Representative Evans.

Caucuses in the side aisles, center aisles, well of the House, back of the House will break up, please.

Members will take their seats.

Mr. D. EVANS. Mr. Speaker, I was not, I was not, Mr. Speaker, intending to get into this debate. I was not— Seriously, Mr. Speaker, I have like a little scratch on my head from shaving too close this morning. Those who have bald heads know a little bit about this. And I said to myself, self, I said, why did I come here? I said, I was not going to get into this debate.

And the reason I said to myself that I was not going to get into this particular debate was because I was going to ask myself – and I hope you hear this – I was going to ask myself, are we really listening to ourselves? Are we really listening to ourselves?

And what I concluded is that we really are not listening to each other. We really are not listening to each other. And the reason I say that, Mr. Speaker, is because this is a very shrewd strategy on the part of the maker of this amendment. This is a shrewd, shrewd strategy. I am going to give him credit. I am going to give the maker of this amendment credit for his shrewd strategy. I want you to think about this carefully, what he is attempting to do.

What he is basically attempting to do – and it is smart; it is election year; he is smart – he is basically saying, look— If you listened to him earlier, he did a very good job. He ticked off, he ticked off the historical perspective of tax reform. He talked about Bob Casey, and it is important to think about history. And what he said in terms of Bob Casey is that we lost, tax reform lost by a million votes. That is the first thing he said. The second thing he said, which I thought was interesting, is that he talked about Tom Ridge and Act 50, and he knew full well that did not do anything. And then he talked about Ed Rendell, and I thought it was interesting, because what he said is that people do not want tax shifts. And guess what? I agree with him. I want to be clear: I do agree. I agree, and I have said this to my side, I agree that raising the income tax and the sales tax as a tradeoff for the property tax, in my view, is not what people want; is not what people want.

I think what people want is like anything; they want something but they do not want to pay for it. That is what people want. People want something, but they do not want to pay for it, because if you understand the aspect of the gaming, the gaming is volunteer; the gaming is volunteer. You do not have to go to the casinos. You do not have to spend your

money, but when you spend your money, you get kind of like a tradeoff. You go there, you raise some money, the tradeoff is seniors get tax reduction. Now, there is a very shrewd strategy, and it is a shrewd strategy because in Pennsylvania, what is the best voting bloc? What is the best voting bloc? What is, what is, what is in this State, behind Florida, the fastest growing constituency? Right.

So if you understand that seniors are the fastest growing constituency, and you understand that you take this measure and you feel like you are going to give them something and they are not going to directly have to pay for it, you figure like, hey, we could stand up and say, look what we did. We gave 600,000 households a tax break. That is what you can say. And you are right.

The gentleman from Butler County was correct when he made the statement about this giving the bonus. He was correct. He is absolutely correct. But the one thing we need to say to the people of the Commonwealth of Pennsylvania is that they are not going to get this. They are not going to get it. You know why? Because the gentleman who is Governor of Pennsylvania, even if by some accident it would fly through the Senate – it was an accident – it is never going to become law. Now, do not let me shock you. Do not let me shock you, because it is never going to become law; it is never going to become law; it is never going to become law.

Now, you can have your fun— See, I learned my lesson from last week when you did over \$3 billion in tax cuts. I learned my lesson from last week. I was serious about earned income tax, even President Bush – do you remember his name; President Bush – said, put the money in the people's pocket. I said that last week. President Bush is sending out 117 million – 117 million, 117 million – checks to people in the United States. He is saying, put the money in the people's pocket. But the difference with this process, this process does not know when the act is over. They do not know when the act is over. This is a show. You all made great speeches. I compliment the gentleman who offered this amendment. I know him well. He and I have done some things together. But guess what? You are going to fool the people of the State because this is never, never, never going to become law. I want you to understand that.

You heard me say on this day, you will vote, you will have fun, you will put it in your newsletter, but the only thing you are doing is as usual what happens in this process. You know, I said to Bill DeWeese, there is a gentleman by the name of Barack Obama who said the reason he is running for President is because he did not need to be in office long to know that things do not work. And I am saying to you today, if you are serious, serious about how we change some things – and I do believe we need to change some things, I do believe we do not have all the ideas, and you certainly do not have all the ideas. My experience has been, my little experience around here has been that if we want to do something, we have got to work together.

So you will have your fun, the gentleman who is the maker of this amendment will have his fun. He will be able to applaud it; he will be able to do it; he will be able to say all he wants to say, and you will be able to do what he says, but it is never going to become law. So let us be serious. If you choose to be serious, I am going to be no on the amendment. I am going to be no on the bill. I am no on the amendment and I am no on the bill. I am no on the amendment and I am no on the bill because

you know what I know, because as a legislator from Philadelphia, I am not interested in raising our sales tax any higher than what it is, and I do not believe raising the personal income tax is the way to address this issue because if you do not address the spending side, if you do not address the spending side, you never will solve this problem.

So with all due respect, with all due respect, for whatever, for whatever my opinion means, for whatever my opinion means, I am just one vote, I am just one vote, but for whatever my opinion means, I am going to be no on this amendment and I am going to be no on the bill.

Representative Levdansky has done a lot of good work; I applaud him for what he is attempting to do. The only thing that disappoints me the most— And I am going to give Sam Rohrer credit, too. I am going to give Sam Rohrer credit like I give Dave Levdansky credit. I give them both credit, because both of them, in my view, as much as you may disagree with their approaches, I believe they are very sincere in terms of trying to address this question. And until we as a General Assembly, until we as a General Assembly start to take our roles a lot more seriously, Mr. Speaker, there are a lot of people out here looking at us and wondering, are we serious.

So I just want to go on record, whatever my opinion means, I just want to tell you where I stand. I do not expect to change any minds. I have been around here long enough to know you have got yourself locked into the green or the red. It will be whatever it is, but I am just hoping that I could just get a little bit across to you that I think it should be no in my view; no on this amendment. I really do believe it should be no on this amendment, because I do not believe this amendment— And I told you where I am with the bill, so I do not want you to fool where I am coming from with the bill, too. In my end I hope, Mr. Speaker, at some point— We have got a budget coming up next week. It is going to get real serious by both sides. I offered an olive branch over to the Republican leader. I still offer it. I still offer him an olive branch. I am still for an olive branch, in spite of sometimes when I am a little disappointed with what happens in this process, I still offer him an olive branch.

Again, I would hope that you would be "no" on this amendment.

Thank you, Mr. Speaker.

The SPEAKER. The Chair recognizes the minority leader, Sam Smith.

Mr. S. SMITH. Thank you, Mr. Speaker.

Mr. Speaker, just like the previous speaker, I was not really planning on getting into the middle of this debate, but as he was talking, I started talking to myself. And I said to myself, self, I said, self, I do not understand what that guy is talking about.

I really got confused when he started singing our tune, and that was that without addressing the spending side, we are really not getting at the core of this issue. And to that point, Mr. Speaker, I fully welcome the gentleman, the majority leader of the Appropriations Committee, to that fold, because I truly believe that of all of the property tax reform plans, controlling spending is a key element of whatever plan you are invested in and that you are committed to. That is the core. We are in 100-percent agreement on that specific point.

Second issue, Mr. Speaker: I look around this room sometimes. I have sat here over the years and, you know, you enjoy the magnificent nature of this room, but it is a good thing it is a big room, Mr. Speaker, because sometimes, as individual legislators, we get so invested in our particular plan. Sometimes

it is as an individual, sometimes as a group, sometimes as a caucus of Republicans or a caucus of Democrats, we get so invested in our plan, that we have to get credit for moving that plan forward, that we lose sight of what we are really here for. And I am not saying that critically towards any individual, because we have all been guilty of that at times.

But, Mr. Speaker, this is an opportunity to step beyond that. And we all know the personalities and the players that are involved in these issues. But, Mr. Speaker, as I have told members from time to time who have been trying to get an issue moving and maybe someone kind of co-ops their issue or takes some of their language and puts it into their own amendment. I have often told members, it is really about getting the job done and not about who gets credit.

The second thing I often tell members, Mr. Speaker, is that if you spend your whole time as a legislator trying to get the whole loaf, you will probably never get anything. But, Mr. Speaker, if you are willing to take a half a loaf or a part of that loaf, you will probably be able to take something back that your voters, that your constituents will appreciate. You can actually do that. Going for the whole loaf is a very, very tough sell. Most of the problems we encounter here, we got into them in an incremental way and getting out of them requires almost an incremental retreat. So you can go for the whole loaf, but you will probably fight for a long, long time to get the whole loaf if you always try to get it all in one big bite. This amendment, Mr. Speaker, allows you to get a part of the loaf, and that is important, Mr. Speaker.

The last point I wanted to make, just somewhat in response to the previous speaker, is the idea that if this amendment as it is proposed, if it changed this bill and that if it were somehow to be on the Governor's desk sometime in the next 6 months or whenever the timeline might allow, that the Governor absolutely would veto it. Mr. Speaker, I have seen the letters. I have seen the letters from the Governor's Office in the past 4 or 5 years where they have stated their position, and I have seen those positions change. The Governor's Office changes. I think the Governor is a pragmatic individual when it comes to dealing with these kinds of issues. He would clearly see this as an incremental increase over what the gaming is going to provide, and to suggest today that absolutely the Governor would veto this bill if it were amended as this amendment proposes, I think, is probably a stretch. I do not believe that is the case. I am not saying I know the Governor would sign it. I am just saying I do not think anybody can stand here today and say that he will absolutely veto it, and I do not think anybody in here can take that at face value.

So, Mr. Speaker, as you consider this amendment, I would only suggest to the members that if you want to hold out and try to get the whole loaf, you may not get it, but if you are willing to take this step and then consider the next steps – maybe this is the second step or the third step if you consider gaming for the modest step that it represents. This is a good step, Mr. Speaker, whichever step it is along the way, and it is something that we can do here tonight. I think it is something that has legs, that has the opportunity to move forward through the process and actually could get to the Governor's desk, and I in fact, Mr. Speaker, think the Governor would be smart enough to sign this if this bill were on his desk today.

Thank you, Mr. Speaker.

The SPEAKER. Representative George.

Mr. GEORGE. Mr. Speaker, I am a little embarrassed after following the gentleman from Jefferson County. I thought surely he would be up with that groundhog today and I would not have to put up with him, but I put up with him, and I put up with him and a lot of you for 34 years and his wonderful father before him.

I am embarrassed to even follow him or Dwight Evans in that they are learned people, and I say, you know, what am I doing up here? What can I possibly say, because what we have before us is that you are darned if you do and you are darned if you do not, and that was the game plan – be darned if you do and darned if you do not.

I remember when, under the Shapp administration, there was a younger fellow with a lot of ideals. Why if we would put in there that a widow and a widower, aged 50, could get the rent or the tax rebate but yet a divorcee at 64 who did not have Social Security and did not have any help, we let her starve to death. Well, I guess maybe I think about things like that, and that prevents me from being as sharp as some of you people.

Now, there are a lot of people who kid me. They say, what is your purpose and why would you get up? I simply say that I am getting up because I do not want those folks back home to think I lied to them. You see, to me it is very important that when I do leave, at least even my enemies will say I had integrity. I am going to go home and some of my friends are going to say, hey, look, look what you did. But the Governor and all of us promised a broad-based tax plan that would help every individual who had a homestead, regardless of whom, so we could release the burden, so we could allow that same dollar that was going into the school district to be put around in the various communities so these communities would again breathe life and so that these individuals that were harnessed by a big rent payment and a big mortgage and a big interest— And now at this time with the prevailing wage and the matter of the bad investments, if things continue, we are going to see people jumping out of windows, it is that bad. Oh, you may not think so.

You know, you can yell all you want. I came down here for \$15,600 and I thought I was the luckiest guy in Clearfield County. And people still think I am down here because I am making big money. Do you know why I am down here? I am down here being and enjoying some of the nonsense that happens that even I am responsible for.

So how would you, in April when you run for reelection, what are you going to say in the paraphernalia you put out or the letters you send? Oh, I could vote for this bill and I could go home and tell the 6126 seniors in Clearfield County, look what I did for you. But what would I say to that same fellow that was 50 years of age and just lost his job and he did not have the money to make his mortgage and he did not have the money to pay for the pharmaceuticals and he did not have the money to take care of the medical needs and he did not have the money for all the things that none of us have had to worry about from the time we have been here?

We should be ashamed of ourselves, to play with the emotions of those wonderful people that sent us down here. We ought to be honest with them. We ought to at least say to ourselves – like you guys are saying, hey, self, who the heck do you think you are? You are not any better than anybody else. But, you know, some of you guys think you are better than somebody else. Well, let me tell you, you are not. Let me tell you the only thing you could have come in with that mattered a

darn was your integrity, and the only thing you are going to take back home when you are done is your integrity.

I would like to play it safe, but I am not a safe guy. I try to be even though I am not as sharp as some of you guys. I do not have the education you do, but I come from a time where my brother and I unloaded watermelon all day for one broken watermelon, and we took it down to the neighbors and sold Mrs. Folk and her sister and her brother-in-law a piece for 15 cents a cut and went home and gave that to my mom. I do not know what she did with it because she did not invest it for me. And I come from a time when my mother could cook dandelion five different ways and none of it was any darn good, and here I am a big shot. Now, even though I did not eat that dandelion, I can afford to go buy it at an agricultural shop.

The SPEAKER. The gentleman will suspend.

The Chair will remind the members to be cognizant of the language that is being used.

Mr. GEORGE. I am not going to resign.

The SPEAKER. The Chair does not expect the gentleman to.

Mr. GEORGE. I am going to be here next year, and I am going to get reelected and I am going to give you some problems and everybody else because I am going to get this down. Watch your language – so take the food out of their mouth and that is not profane?

I want you to know Jesus rode in on an ass. I am getting tired of this crap. I believe in my people and I love my people. They know I am not smart and they know I do not know a heck of a lot, but one thing they do know, I love them and I will stick up for them and I will do the best I can, and I will apologize to the Speaker for his bad humor.

The SPEAKER. The Chair thanks the gentleman.

The Chair recognizes the majority leader, Representative DeWeese.

Mr. DeWEESE. Thank you very much, Mr. Speaker.

We have a chance—

The SPEAKER. The House will come to order.

The gentleman is in order and may proceed.

Mr. DeWEESE. We have a chance to vote on a couple of different efforts here. I am with Dwight on the amendment, not on the bill.

This is a variegated room; we are all different, we have a variety of perspectives. In Greene County and in the Beth-Center School District and in Albert Gallatin and Brownsville, I have about 4100 senior citizens, Mr. Speaker, whose income is under \$35,000 and whose age is over 65 years, and those folks are this year receiving checks of \$300, \$400, \$500, \$600, and sometimes \$700, \$800 – senior citizens of very modest means.

My second thought is that like some of you, I am knocking on lots of doors, but unlike most of you, my doors, in many cases, are right cheek by jowl along the Mason-Dixon Line. I am only about 11 miles, my little log cabin is only 11 miles from the West Virginia border, and if I am in Perry Township or Wayne Township or Aleppo or Springhill or if I am in Point Marion, and I have been recently, knocking on doors visiting with people, the prevailing perspective is not one that embraces the honorable Speaker Emeritus's perspective. Now, I am not saying they would vehemently reject it. I am just saying that if I knock on tens and tens and tens of doors, the seniors of modest means are being given initial redress from systems that this chamber and the Senate and the Governor have already instituted. But if a working family – a husband and wife

and two small children – their income is \$38,000 or \$40,000 and their property tax burden is substantial, they will not be given any help by the effort of the Speaker Emeritus.

So I understand that this vote can go either way, and I understand that people can justify a vote in either direction. But as has been said so many times at the microphone tonight, and I will conclude with this remark, we are either going to keep a promise on general property tax reductions across the spectrum of our population or we are not. And if we do not, then as Representative Levdansky indicated, it will be to a more defined segment of the population. But again and again and again along the Mason-Dixon Line, I have heard that a half-a-percent increase in sales or a half-a-percent increase in sales, Mr. Speaker, with a very modest income in the personal income tax – if it can eradicate a third or 40 percent or approaching 50 percent of my property tax bill, that is what I would like you to do in Harrisburg.

So we have these options. We have these options, and I prefer the option that would address 100 percent of my 60,000 residents rather than a more narrow segment. We are doing things for those folks and we will continue to do things for those folks, and when the big casinos in Pittsburgh and Philadelphia are up on line, there will be over \$1 billion available through gaming. You can add that to substantial revenues that would be generated with a half a percent in sales and a modest income in PIT, personal income tax, and we could have very serious, very serious property tax reductions in Pennsylvania. If it is decided otherwise, so be it, but I think that the Democratic majority, or the majority of the Democratic majority, would prefer to have across-the-board property tax reductions rather than for just one segment of our population.

Thank you very much.

The SPEAKER. Is there any member seeking recognition before the Chair recognizes the prime sponsor of the amendment?

The Chair recognizes Representative Perzel.

Mr. PERZEL. Thank you very much, Mr. Speaker.

I did not expect this to go on as long as it has, and I am sorry for that, but I did hear what the gentleman from Clearfield said – you are darned if you do and you are darned if you do not. Then he gave a clear example of someone 50 years of age who loses their home and has a mortgage to pay. Well, under the plan that is devised right now, the maximum you would get would be, in DuBois, \$125, or as low as \$71 in bank, under what we are doing right now, that is if those dollars are certified. So I do not know how we are helping with 100 percent of people's property taxes.

I did not want to tell this story but it is a true story, and I am going to tell it. I was privileged to be at a wedding in Lower Merion, and next door they were building a modest home of 50,000 square feet on 5 acres. I took the liberty of asking, how much property taxes do you pay on a house like this? And they said it was \$13,000 a month because they would not let him pay by the year because they were afraid he would not have all the money at one time. And the wedding I was at was at a bigger home that was on 16 acres and paying \$30,000 a month. So I do not mind trying to get people 100 percent of their property taxes back, but why are we getting people with that kind of wealth their money back? I do not think that is what the people of Pennsylvania expect. That is not what they are thinking we are doing here. Those people can easily afford

those property taxes or they would not have bought those homes, Mr. Speaker.

You know, as far as being in charge, yes, I was. But Act 1 was defeated soundly in Pennsylvania, and I am sharp enough a politician to know when I am defeated I have got to come back with something different.

As far as the Governor is concerned, if he does not like seniors, he does not like seniors. I cannot change that. That was Mr. Evans; that is what he had to say. And I agree with our leader here that if we get this to the Governor's desk, he will be for this. He will not be against this.

We had another Representative stand up and say there were a lot of fatal flaws in the legislation. I do not think he read it nor paid attention to what I said the last time when he said that: If you take page 1 of the amendment and read lines 36 through 38, it says specifically it is a homestead. And the people making \$40,000 a year are not buying summer homes.

Now, let me just tell you a couple things about moving in with your parents. Number one, you are now subject to the income limit, and even if you lie, when they die you have got to pay the inheritance tax. You are not getting something for nothing. That is a fatal flaw. That is a political argument.

I came back to this because in this chamber when I was elected, we were elected to try to help our senior citizens. We were told to come down and make sure they could afford to stay in their homes. As a matter of fact, I remember Representative Gerry McMonagle saying they were eating cat food in his neighborhood because they could not afford their taxes, and now all of a sudden it is a political argument. It is not a political argument.

Representative Rohrer tried with his best to eliminate property taxes. That failed. This is trying to help every senior citizen stay in their home and not be forced out or forced to make bad choices, Mr. Speaker. That is what it is really all about. When you look at the— This is the difference between voting for \$1.3 billion in taxes, because if you vote "no," you are for the tax increase; you just are, or allowing seniors without one dime in additional tax revenue to keep their homes and get a full rebate if they make under \$40,000, for their school property taxes, Mr. Speaker. That is what this is about. That is what I put it up here for. Do not make all these excuses and all this nonsense I never even heard of.

I listened to the one gentleman talk about Elk County, and the highest person in Elk County was getting, I think it was less than 100 bucks. So I mean, they were very upset about my program taking care of all the seniors when they were getting 100 bucks in Elk County. At least every senior will know that they can keep their homes, and that is the commitment I feel that we made as politicians when we ran for election – to tell our people we would take care of them.

I would ask for a "yes" vote on the amendment, Mr. Speaker.

On the question recurring,

Will the House agree to the amendment?

The following roll call was recorded:

YEAS—159

Argall	Gibbons	Marshall	Reichley
Baker	Gillespie	Marsico	Roae
Barrar	Gingrich	McGeehan	Rock

Bastian	Godshall	McI. Smith	Roebuck
Bear	Goodman	McIlhattan	Rohrer
Belfanti	Grell	Mensch	Ross
Benninghoff	Grucela	Metcalfe	Rubley
Beyer	Harhart	Micozzie	Sabatina
Bianucci	Harkins	Millard	Sainato
Boback	Harper	Miller	Samuelson
Boyd	Harris	Milne	Santoni
Brennan	Helm	Moul	Scavello
Brooks	Hennessey	Moyer	Seip
Buxton	Hershey	Murt	Shimkus
Caltagirone	Hess	Mustio	Smith, K.
Cappelli	Hickernell	Myers	Smith, M.
Casorio	Hornaman	Nailor	Smith, S.
Causser	Hutchinson	Nickol	Sonney
Civera	James	O'Brien, M.	Stairs
Conklin	Kauffman	O'Neill	Steil
Costa	Keller, M.	Oliver	Stern
Cox	Keller, W.	Pallone	Stevenson
Creighton	Kenney	Payne	Swanger
Cruz	Kessler	Peifer	Taylor, J.
Cutler	Killion	Perry	Taylor, R.
Dally	King	Perzel	True
DeLuca	Kirkland	Petrarca	Turzai
Denlinger	Kortz	Petri	Verb
DePasquale	Kotik	Petrone	Vulakovich
DiGirolamo	Kula	Phillips	Walko
Donatucci	Leach	Pickett	Waters
Ellis	Lentz	Preston	Watson
Everett	Longietti	Pyle	Wheatley
Fabrizio	Mackereth	Quigley	Wojnaroski
Fairchild	Maher	Quinn	Yewcic
Fleck	Mahoney	Ramaley	Youngblood
Freeman	Major	Rapp	Yudichak
Gabig	Mann	Raymond	
Geist	Mantz	Readshaw	O'Brien, D.,
Gerber	Markosek	Reed	Speaker
Gergely			

## NAYS—36

Bennington	Evans, D.	Manderino	Solobay
Carroll	Frankel	McCall	Staback
Clymer	Galloway	Melio	Sturla
Cohen	George	Mundy	Surra
Curry	Haluska	Parker	Thomas
Daley	Hanna	Pashinski	Wagner
Dermody	Harhai	Payton	Wansacz
DeWeese	Josephs	Schroder	White
Eachus	Levdansky	Shapiro	Williams

## NOT VOTING—0

## EXCUSED—8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question recurring,

Will the House agree to the bill on second consideration as amended?

The SPEAKER. For what purpose does the gentleman, Representative Nickol, rise?

Mr. NICKOL. Mr. Speaker, I am rising to withdraw amendment A05021.

The SPEAKER. The Chair thanks the gentleman.

## BILL PASSED OVER TEMPORARILY

The SPEAKER. This bill will be over temporarily.

## SUPPLEMENTAL CALENDAR A

BILLS ON CONCURRENCE  
IN SENATE AMENDMENTS

The House proceeded to consideration of concurrence in Senate amendments to **HB 1621, PN 2980**, entitled:

An Act authorizing the Department of General Services, with the concurrence of the Department of Environmental Protection, to lease to VTE Philadelphia, LP, or its nominee, land within the bed of the Delaware River in the City of Philadelphia; and affirming the authority of the General Assembly to enact certain conveyances.

On the question,

Will the House concur in Senate amendments?

## MOTION TO SUSPEND RULES

The SPEAKER. The Chair recognizes the gentleman from Delaware County, Representative Barrar, who moves that the House rules be suspended for the purpose of offering amendment A05534, which the clerk will read.

The clerk read the following amendment No. **A05534**:

Amend Sec. 1, page 7, lines 1 through 7, by striking out "FIFTY PERCENT OF ALL PAYMENTS" in line 1, all of lines 2 through 6, and "MASTER PLAN." in line 7

On the question,

Will the House agree to the motion?

The SPEAKER. The Chair recognizes Representative Barrar on the motion to suspend the rules.

Mr. BARRAR. Mr. Speaker, would a brief interrogation be in order first before we move ahead with a possible rules suspension?

The SPEAKER. A brief—

Mr. BARRAR. Interrogation of the maker of the bill.

The SPEAKER. No; a brief description of the amendment, not a full description of the amendment, just enough so that we can vote on the suspension of the rules, and then the amendment will be before the House.

## MOTION WITHDRAWN

Mr. BARRAR. Okay. I am going to withdraw that motion and also my request to suspend the rules for the two amendments.

Thank you.

The SPEAKER. The Chair thanks the gentleman.

Does the gentleman want to make a statement?

Mr. BARRAR. Mr. Speaker, I would like to interrogate the maker of the bill.

The SPEAKER. Then the Chair will come back to the gentleman when that is in order.

Mr. BARRAR. Thank you, Mr. Speaker.

On the question recurring,  
Will the House concur in Senate amendments?

The SPEAKER. The Chair recognizes the gentleman from Philadelphia County, Representative O'Brien, who moves that the rules be suspended for the purpose of offering amendment A05538, which the clerk will read. The Chair rescinds that announcement.

On the question recurring,  
Will the House concur in Senate amendments?

**RULES SUSPENDED**

The SPEAKER. The Chair recognizes Representative O'Brien from Philadelphia County, who moves to suspend the rules for the purpose of the immediate consideration of amendment A05453. Is that correct?

Mr. M. O'BRIEN. That is correct, Mr. Speaker.  
The SPEAKER. The Chair thanks the gentleman.

On the question,  
Will the House agree to the motion?

The SPEAKER. The Chair recognizes Representative O'Brien on the motion to suspend the rules.

Mr. M. O'BRIEN. Thank you, Mr. Speaker.

My motion to suspend the rules for the immediate consideration of this amendment is a clarifying technical amendment over some language that has cast a bit of a cloud over it. It is just very technical in nature, and I would ask for a suspension.

Thank you, Mr. Speaker.  
The SPEAKER. The Chair thanks the gentleman.

On the question recurring,  
Will the House agree to the motion?

The following roll call was recorded:

**YEAS—163**

Argall	George	Marshall	Ross
Baker	Gerber	Marsico	Rubley
Barrar	Gergely	McCall	Sabatina
Bastian	Gibbons	McGeehan	Sainato
Bear	Gingrich	McI. Smith	Samuelson
Belfanti	Godshall	McIlhattan	Santoni
Benninghoff	Goodman	Melio	Schroder
Bennington	Grucela	Mensch	Seip
Beyer	Haluska	Micozzie	Shapiro
Biancucci	Hanna	Millard	Shimkus
Boback	Harhai	Miller	Smith, K.
Boyd	Harhart	Milne	Smith, M.
Brennan	Harkins	Moul	Smith, S.
Buxton	Harper	Moyer	Solobay
Caltagirone	Harris	Mundy	Sonney
Cappelli	Helm	Murt	Staback
Carroll	Hennessey	Mustio	Stairs
Casorio	Hershey	Myers	Steil
Causar	Hess	Nickol	Stern
Civera	Hickernell	O'Brien, M.	Sturla
Clymer	Hornaman	Oliver	Surra
Cohen	James	Pallone	Taylor, J.
Conklin	Josephs	Parker	Taylor, R.
Costa	Keller, W.	Pashinski	Thomas

Cruz	Kenney	Payne	Vereb
Curry	Kessler	Payton	Vulakovich
Dally	Killion	Wagel	Wagner
DeLuca	Kirkland	Petrarca	Walko
DePasquale	Kortz	Petri	Wansacz
Dermody	Kotik	Petrone	Waters
DeWeese	Kula	Phillips	Watson
DiGirolamo	Leach	Pickett	Wheatley
Donatucci	Lentz	Preston	White
Eachus	Levdansky	Pyle	Williams
Evans, D.	Longiotti	Quigley	Wojnarowski
Everett	Maher	Quinn	Yewcic
Fabrizio	Major	Ramaley	Youngblood
Fairchild	Manderino	Raymond	Yudichak
Fleck	Mann	Readshaw	
Frankel	Mantz	Reichley	O'Brien, D., Speaker
Freeman	Markosek	Roebuck	
Geist			

**NAYS—32**

Brooks	Galloway	Mahoney	Roae
Cox	Gillespie	Metcalfe	Rock
Creighton	Grell	Nailor	Rohrer
Cutler	Hutchinson	O'Neill	Scavello
Daley	Kauffman	Peifer	Stevenson
Denlinger	Keller, M.	Perry	Swanger
Ellis	King	Rapp	True
Gabig	Mackereth	Reed	Turzai

**NOT VOTING—0**

**EXCUSED—8**

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

A majority of the members required by the rules having voted in the affirmative, the question was determined in the affirmative and the motion was agreed to.

On the question recurring,  
Will the House concur in Senate amendments?

Mr. M. O'BRIEN offered the following amendment No. **A05453:**

Amend Sec. 2, page 8, line 2, by inserting after "ACT."  
Nothing in this section shall affect or otherwise limit the authority of the Department of Environmental Protection under section 15 of the Dam Safety and Encroachments Act or section 514 of The Administrative Code of 1929.

On the question,  
Will the House agree to the amendment?

The SPEAKER. The Chair recognizes the gentleman, Representative O'Brien, on the amendment.

Mr. M. O'BRIEN. Thank you, Mr. Speaker.

Again, this amendment clears up some cloud that is placed over some authorities granted to the Department of Environmental Protection. Again, it is technical; it is clarifying, removing a cloud.

I would urge a positive vote on this. Thank you.

The SPEAKER. Representative Clymer.

Mr. CLYMER. Thank you, Mr. Speaker.

Mr. Speaker, we also support the amendment and would ask the members to vote affirmatively.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

YEAS—195

Argall	Geist	Markosek	Rock
Baker	George	Marshall	Roebuck
Barrar	Gerber	Marsico	Rohrer
Bastian	Gergely	McCall	Ross
Bear	Gibbons	McGeehan	Rubley
Belfanti	Gillespie	McI. Smith	Sabatina
Benninghoff	Gingrich	McIlhattan	Sainato
Bennington	Godshall	Melio	Samuelson
Beyer	Goodman	Mensch	Santoni
Biancucci	Grell	Metcalfe	Scavello
Boback	Grucela	Micozzie	Schroder
Boyd	Haluska	Millard	Seip
Brennan	Hanna	Miller	Shapiro
Brooks	Harhai	Milne	Shimkus
Buxton	Harhart	Moul	Smith, K.
Caltagirone	Harkins	Moyer	Smith, M.
Cappelli	Harper	Mundy	Smith, S.
Carroll	Harris	Murt	Solobay
Casorio	Helm	Mustio	Sonney
Causar	Hennessey	Myers	Staback
Civera	Hershey	Nailor	Stairs
Clymer	Hess	Nickol	Steil
Cohen	Hickernell	O'Brien, M.	Stern
Conklin	Hornaman	O'Neill	Stevenson
Costa	Hutchinson	Oliver	Sturla
Cox	James	Pallone	Surra
Creighton	Josephs	Parker	Swanger
Cruz	Kauffman	Pashinski	Taylor, J.
Curry	Keller, M.	Payne	Taylor, R.
Cutler	Keller, W.	Payton	Thomas
Daley	Kenney	Peifer	True
Dally	Kessler	Perry	Turzai
DeLuca	Killion	Perzel	Vereb
Denlinger	King	Petrarca	Vulakovich
DePasquale	Kirkland	Petri	Wagner
Dermody	Kortz	Petrone	Walko
DeWeese	Kotik	Phillips	Wansacz
DiGirolamo	Kula	Pickett	Waters
Donatucci	Leach	Preston	Watson
Eachus	Lentz	Pyle	Wheatley
Ellis	Levdansky	Quigley	White
Evans, D.	Longietti	Quinn	Williams
Everett	Mackereth	Ramaley	Wojnaroski
Fabrizio	Maher	Rapp	Yewcic
Fairchild	Mahoney	Raymond	Youngblood
Fleck	Major	Readshaw	Yudichak
Frankel	Manderino	Reed	
Freeman	Mann	Reichley	O'Brien, D., Speaker
Gabig	Mantz	Roae	
Galloway			

NAYS—0

NOT VOTING—0

EXCUSED—8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question,  
Will the House concur in Senate amendments as amended?

The SPEAKER. The Chair recognizes Representative Barrar for his interrogation.

Mr. BARRAR. Thank you, Mr. Speaker.

May I interrogate the maker of the bill?

The SPEAKER. The gentleman indicates that he will stand for interrogation. The gentleman is in order and may proceed.

Mr. BARRAR. Mr. Speaker, could you explain to me the amendment that was put in on this bill in the Senate that resulted in a change in the formula of what will be paid to the State and then what would be Philadelphia's share of this lease agreement?

Mr. M. O'BRIEN. Mr. Speaker, the Governor asked for a moratorium on leases for riparian rights along the Delaware River to allow for the administration to develop a template for that lease. They came up with a template of \$5 a square foot for the riparian lands. That was the bill that we reported out of the House. When it went over to the Senate, it was amended to include \$5 a square foot for the riverbed, plus \$1 a square foot for gross building area.

Now, what the Senate also did, Mr. Speaker, was to take that money and divide it in half – half to go to the Commonwealth, half to go to the city of Philadelphia – for the implementation of a greening plan along the Delaware River. Whereas first blush, it appears as though it is cutting into the Commonwealth's revenue stream for the lease of this land, at a little bit of a closer look at this, to take this bill, to take HB 1621, \$5 a square foot for the riparian land comes to \$259,000.

Now, the gross building area of the final improvements will be 700,000 square feet for a total of \$959,000, which, if you divide that by two, it is just a hair under \$480,000. So the revenue stream for the Commonwealth, under this formulation, goes from \$260,000 to \$480,000.

Mr. BARRAR. So if I can question on that again: Without the Senate amendment, what would have been the take? The State's share of this originally would have been \$200,000 and with the changes that the Senate put in now, the State's share of this will be over \$400,000. Is that correct?

Mr. M. O'BRIEN. That is correct, Mr. Speaker.

Mr. BARRAR. Okay. One of my concerns that I have is I think in some ways this is a pretty good deal for the State and for Philadelphia, the amount of money that we will receive in this. But we are talking about, basically, that if this is going to be a tower and a condo complex that is going to be built here, will this have any bearing on the way we will assess this lease when we are dealing with a gaming facility, a casino that will be on the river?

Mr. M. O'BRIEN. Mr. Speaker, one has to be aware of the fact that standard language in riparian rights transfer prohibits the use of gaming. So when and if legislation is introduced for a transfer of riparian rights, existing legislation will act as a guide along the way, but it will be uncharted land that will be in an entirely new piece of legislation – a guidepost but not a rule.

Mr. BARRAR. Thank you, Mr. Speaker.

My biggest concern is I want to make sure that this is not the precedent that is set when we negotiate, when DGS

(Department of General Services) sits down and negotiates with the casino, which I think you have made that very clear, and I thank you for the time to allow me to interrogate.

On the bill, please, Mr. Speaker.

The SPEAKER. The gentleman is in order and may proceed.

Mr. BARRAR. Mr. Speaker, I spoke out in caucus against this bill asking the members on the Republican side to vote against this, but I think the way the formula has been explained to me, this is actually a good deal for the State of Pennsylvania, for the Commonwealth, and also for Philadelphia, and I would ask the Republican members and everyone to support this bill.

Thank you.

The SPEAKER. The Chair recognizes Representative Baker.

Mr. BAKER. Thank you, Mr. Speaker.

Mr. Speaker, I would like to commend the gentlemen, Mr. Barrar and Mr. O'Brien, for working together on this. Our staff on both sides of the aisle, as well as the members on both sides of the aisle, I believe, have the same goals in mind concerning this piece of legislation and the next and his other amendment to the other bill, and I ask that the members kindly support his legislation.

Thank you, Mr. Speaker.

On the question recurring,

Will the House concur in Senate amendments as amended?

The SPEAKER. Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

YEAS—169

Argall	George	Marshall	Sabatina
Baker	Gerber	Marsico	Sainato
Barrar	Gergely	McCall	Samuelson
Bastian	Gibbons	McGeehan	Santoni
Bear	Gingrich	McI. Smith	Scavello
Belfanti	Godshall	McIlhattan	Schroder
Bennington	Goodman	Melio	Seip
Beyer	Grell	Mensch	Shapiro
Biancucci	Grucela	Micozzie	Shimkus
Boyd	Haluska	Millard	Smith, K.
Brennan	Hanna	Milne	Smith, K.
Buxton	Harhai	Moyer	Smith, S.
Caltagirone	Harhart	Mundy	Solobay
Cappelli	Harkins	Murt	Sonney
Carroll	Harper	Mustio	Staback
Casorio	Helm	Myers	Stairs
Civera	Hennessey	Nailor	Steil
Clymer	Hershey	Nickol	Stern
Cohen	Hess	O'Brien, M.	Stevenson
Conklin	Hickernell	O'Neill	Sturla
Costa	Hornaman	Oliver	Surra
Cruz	James	Pallone	Taylor, J.
Curry	Josephs	Parker	Taylor, R.
Cutler	Keller, M.	Pashinski	Thomas
Daley	Keller, W.	Payne	True
Dally	Kenney	Payton	Verab
DeLuca	Kessler	Perzel	Vulakovich
Denlinger	Killion	Petrarca	Wagner
DePasquale	King	Petri	Walko
Dermody	Kirkland	Petrone	Wansacz
DeWeese	Kortz	Pickett	Waters
DiGirolamo	Kotik	Preston	Watson
Donatucci	Kula	Pyle	Wheatley
Eachus	Leach	Quigley	White
Ellis	Lentz	Quinn	Williams
Evans, D.	Levdansky	Ramaley	Wojnaroski
Fabrizio	Longietti	Raymond	Yewcic

Fleck	Maher	Readshaw	Youngblood
Frankel	Mahoney	Reichley	Yudichak
Freeman	Manderino	Roebuck	
Gabig	Mann	Rohrer	O'Brien, D., Speaker
Galloway	Mantz	Ross	
Geist	Markosek	Rubley	

NAYS—26

Benninghoff	Fairchild	Metcalfe	Rapp
Boback	Gillespie	Miller	Reed
Brooks	Harris	Moul	Roae
Causer	Hutchinson	Peifer	Rock
Cox	Kauffman	Perry	Swanger
Creighton	Mackereth	Phillips	Turzai
Everett	Major		

NOT VOTING—0

EXCUSED—8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the amendments as amended were concurred in.

Ordered, That the clerk return the same to the Senate for concurrence.

\* \* \*

The House proceeded to consideration of concurrence in Senate amendments to **HB 1627, PN 2981**, entitled:

An Act authorizing the Department of General Services, with the concurrence of the Department of Environmental Protection, to lease to NCCB Associates, LP, or its nominee, land within the bed of the Delaware River in the City of Philadelphia; and affirming the authority of the General Assembly to enact certain conveyances.

On the question,  
Will the House concur in Senate amendments?

**RULES SUSPENDED**

The SPEAKER. The Chair recognizes the gentleman from Philadelphia County, Representative O'Brien, who makes the motion to suspend the rules for the purpose of offering amendment A05452, which the clerk will read.

The clerk read the following amendment No. **A05452**:

Amend Sec. 2, page 7, line 29, by inserting after "ACT."  
Nothing in this section shall affect or otherwise limit the authority of the Department of Environmental Protection under section 15 of the Dam Safety and Encroachments Act or section 514 of The Administrative Code of 1929.

On the question,  
Will the House agree to the motion?

The SPEAKER. The Chair recognizes Representative O'Brien on the motion to suspend the rules.

Mr. M. O'BRIEN. Thank you, Mr. Speaker.  
 Again, this is a mirror of what we just did with HB 1621. It is simply clarifying language to preserve the rights of the Department of Environmental Protection, and I would ask for an affirmative vote.

Thank you, Mr. Speaker.  
 The SPEAKER. The Chair recognizes Representative Clymer.

Mr. CLYMER. Thank you, Mr. Speaker.  
 As on the last amendment, we also support the suspension of the rules for this amendment and would ask the members to vote affirmatively.

Thank you.  
 On the question recurring,  
 Will the House agree to the motion?

The following roll call was recorded:

YEAS—162

Argall	Galloway	Mann	Ruble
Baker	Geist	Mantz	Sabatina
Barrar	George	Markosek	Sainato
Bastian	Gerber	Marshall	Samuelson
Bear	Gergely	Marsico	Santoni
Belfanti	Gibbons	McCall	Scavello
Bennington	Gingrich	McGeehan	Seip
Beyer	Godshall	McI. Smith	Shapiro
Biancucci	Goodman	McIlhattan	Shimkus
Boback	Grucela	Melio	Smith, K.
Boyd	Haluska	Mensch	Smith, M.
Brennan	Hanna	Micozzie	Smith, S.
Buxton	Harhai	Millard	Solobay
Caltagirone	Harhart	Moyer	Sonney
Carroll	Harkins	Mundy	Staback
Casorio	Harper	Murt	Stairs
Causer	Harris	Mustio	Steil
Civera	Helm	Myers	Stern
Clymer	Hennessey	O'Brien, M.	Stevenson
Cohen	Hershey	O'Neill	Sturla
Conklin	Hess	Oliver	Surra
Costa	Hickernell	Pallone	Taylor, J.
Cruz	Hornaman	Parker	Taylor, R.
Curry	James	Pashinski	Thomas
Daley	Josephs	Payne	Vereb
Dally	Keller, W.	Payton	Vulakovich
DeLuca	Kenney	Perzel	Wagner
DePasquale	Kessler	Petrarca	Walko
Dermody	Killion	Petri	Wansacz
DeWeese	Kirkland	Petrone	Waters
DiGirolamo	Kortz	Phillips	Watson
Donatucci	Kotik	Pickett	Wheatley
Eachus	Kula	Preston	White
Ellis	Leach	Pyle	Williams
Evans, D.	Lentz	Quigley	Wojnaroski
Everett	Levdansky	Quinn	Yewcic
Fabrizio	Longietti	Ramaley	Youngblood
Fairchild	Maher	Raymond	Yudichak
Fleck	Mahoney	Readshaw	
Frankel	Major	Roebuck	O'Brien, D.,
Freeman	Manderino	Ross	Speaker

NAYS—33

Benninghoff	Grell	Milne	Reichley
Brooks	Hutchinson	Moul	Roe
Cappelli	Kauffman	Nailor	Rock
Cox	Keller, M.	Nickol	Rohrer
Creighton	King	Peifer	Schroder
Cutler	Mackereth	Perry	Swanger

Denlinger	Metcalf	Rapp	True
Gabig	Miller	Reed	Turzai
Gillespie			

NOT VOTING—0

EXCUSED—8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

A majority of the members required by the rules having voted in the affirmative, the question was determined in the affirmative and the motion was agreed to.

On the question recurring,  
 Will the House concur in Senate amendments?

Mr. M. O'BRIEN offered the following amendment No. **A05452**:

Amend Sec. 2, page 7, line 29, by inserting after "ACT."  
 Nothing in this section shall affect or otherwise limit the authority of the Department of Environmental Protection under section 15 of the Dam Safety and Encroachments Act or section 514 of The Administrative Code of 1929.

On the question,  
 Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative O'Brien on the amendment.

Mr. M. O'BRIEN. I am sorry, Mr. Speaker. I did not hear you. Will you repeat again, please.

The SPEAKER. The Chair recognizes Representative O'Brien on the amendment.

Mr. M. O'BRIEN. Thank you, Mr. Speaker.

Again, this is a clarifying amendment to clarify some language to protect the Department of Environmental Protection, and I would ask for an affirmative vote.

Thank you, Mr. Speaker.

On the question recurring,  
 Will the House agree to the amendment?

The following roll call was recorded:

YEAS—181

Argall	Gerber	Marshall	Ross
Baker	Gergely	Marsico	Ruble
Barrar	Gibbons	McCall	Sabatina
Bear	Gillespie	McGeehan	Sainato
Belfanti	Gingrich	McI. Smith	Samuelson
Bennington	Godshall	McIlhattan	Santoni
Beyer	Goodman	Melio	Scavello
Biancucci	Grell	Mensch	Schroder
Boback	Grucela	Micozzie	Seip
Boyd	Haluska	Millard	Shapiro
Brennan	Hanna	Miller	Shimkus
Brooks	Harhai	Milne	Smith, K.
Buxton	Harhart	Moul	Smith, M.
Caltagirone	Harkins	Moyer	Smith, S.
Carroll	Harper	Mundy	Solobay
Casorio	Harris	Murt	Sonney
Civera	Helm	Mustio	Staback

Clymer	Hennessey	Myers	Stairs
Cohen	Hershey	Nailor	Steil
Conklin	Hess	Nickol	Stern
Costa	Hickernell	O'Brien, M.	Stevenson
Cruz	Hornaman	O'Neill	Sturla
Curry	James	Oliver	Surra
Cutler	Josephs	Pallone	Swanger
Daley	Keller, M.	Parker	Taylor, J.
Dally	Keller, W.	Pashinski	Taylor, R.
DeLuca	Kenney	Payne	Thomas
Denlinger	Kessler	Payton	True
DePasquale	Killion	Peifer	Vereb
Dermody	King	Perzel	Vulakovich
DeWeese	Kirkland	Petrarca	Wagner
DiGirolamo	Kortz	Petri	Walko
Donatucci	Kotik	Petrone	Wansacz
Eachus	Kula	Phillips	Waters
Ellis	Leach	Pickett	Watson
Evans, D.	Lentz	Preston	Wheatley
Everett	Levdansky	Pyle	White
Fabrizio	Longietti	Quigley	Williams
Fairchild	Mackereth	Quinn	Wojnaroski
Fleck	Maher	Ramaley	Yewcic
Frankel	Mahoney	Raymond	Youngblood
Freeman	Major	Readshaw	Yudichak
Gabig	Manderino	Reed	
Galloway	Mann	Reichley	O'Brien, D.,
Geist	Mantz	Roebuck	Speaker
George	Markosek	Rohrer	

NAYS-14

Bastian	Cox	Metcalf	Roae
Benninghoff	Creighton	Perry	Rock
Cappelli	Hutchinson	Rapp	Turzai
Causar	Kauffman		

NOT VOTING-0

EXCUSED-8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question,  
Will the House concur in Senate amendments as amended?

The SPEAKER. Does Representative Barrar have any amendments? The Chair thanks the gentleman.

On the question recurring,  
Will the House concur in Senate amendments as amended?

The SPEAKER. Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

YEAS-162

Argall	Gergely	Marshall	Sainato
Baker	Gibbons	Marsico	Samuelson
Barrar	Gingrich	McCall	Santoni
Bear	Godshall	McGeehan	Scavello
Belfanti	Goodman	McI. Smith	Schroder
Bennington	Grell	McIlhattan	Seip
Beyer	Grucela	Melio	Shapiro

Bianucci	Haluska	Mensch	Shimkus
Boyd	Hanna	Micozzie	Smith, K.
Brennan	Harhai	Millard	Smith, M.
Buxton	Harhart	Milne	Smith, S.
Caltagirone	Harkins	Moyer	Solobay
Cappelli	Harper	Mundy	Sonney
Carroll	Helm	Murt	Staback
Casorio	Hennessey	Mustio	Stairs
Civera	Hershey	Myers	Steil
Clymer	Hess	O'Brien, M.	Stern
Cohen	Hickernell	O'Neill	Stevenson
Conklin	Hornaman	Oliver	Sturla
Costa	James	Pallone	Surra
Cruz	Josephs	Parker	Taylor, J.
Curry	Keller, M.	Pashinski	Taylor, R.
Cutler	Keller, W.	Payne	Thomas
Daley	Kenney	Payton	True
Dally	Kessler	Perzel	Vereb
DeLuca	Killion	Petrarca	Vulakovich
DePasquale	King	Petri	Wagner
Dermody	Kirkland	Petrone	Walko
DeWeese	Kortz	Pickett	Wansacz
DiGirolamo	Kotik	Preston	Waters
Donatucci	Kula	Pyle	Watson
Eachus	Leach	Quigley	Wheatley
Evans, D.	Lentz	Quinn	White
Fabrizio	Levdansky	Ramaley	Williams
Fleck	Longietti	Raymond	Wojnaroski
Frankel	Maher	Readshaw	Yewcic
Freeman	Mahoney	Reichley	Youngblood
Galloway	Manderino	Roebuck	Yudichak
Geist	Mann	Ross	
George	Mantz	Rubley	O'Brien, D.,
Gerber	Markosek	Sabatina	Speaker

NAYS-33

Bastian	Everett	Major	Phillips
Benninghoff	Fairchild	Metcalf	Rapp
Boback	Gabig	Miller	Reed
Brooks	Gillespie	Moul	Roae
Causar	Harris	Nailor	Rock
Cox	Hutchinson	Nickol	Rohrer
Creighton	Kauffman	Peifer	Swanger
Denlinger	Mackereth	Perry	Turzai
Ellis			

NOT VOTING-0

EXCUSED-8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siptroth	Vitali

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the amendments as amended were concurred in.

Ordered, That the clerk return the same to the Senate for concurrence.

The SPEAKER. The Chair is about to recess regular session with the intention of going into special session at 9:07.

RECESS

The SPEAKER. The regular session is now in recess.

**AFTER RECESS**

The time of recess having expired, the House was called to order.

The SPEAKER. The House will be at ease.

**CALENDAR CONTINUED**

**RESOLUTION PURSUANT TO RULE 35**

Mr. KENNEY called up **HR 561, PN 3117**, entitled:

A Resolution declaring the week of January 27 through February 2, 2008, as "Catholic Schools Week" in this Commonwealth.

On the question,  
Will the House adopt the resolution?

The following roll call was recorded:

**YEAS—195**

Argall	Geist	Markosek	Rock
Baker	George	Marshall	Roebuck
Barrar	Gerber	Marsico	Rohrer
Bastian	Gergely	McCall	Ross
Bear	Gibbons	McGeehan	Rubley
Belfanti	Gillespie	McI. Smith	Sabatina
Benninghoff	Gingrich	McIlhattan	Sainato
Bennington	Godshall	Melio	Samuelson
Beyer	Goodman	Mensch	Santoni
Bianucci	Grell	Metcalfe	Scavello
Boback	Grucela	Micozzie	Schroder
Boyd	Haluska	Millard	Seip
Brennan	Hanna	Miller	Shapiro
Brooks	Harhai	Milne	Shimkus
Buxton	Harhart	Moul	Smith, K.
Caltagirone	Harkins	Moyer	Smith, M.
Cappelli	Harper	Mundy	Smith, S.
Carroll	Harris	Murt	Solobay
Casorio	Helm	Mustio	Sonney
Causer	Hennessey	Myers	Staback
Civera	Hershey	Nailor	Stairs
Clymer	Hess	Nickol	Steil
Cohen	Hickernell	O'Brien, M.	Stern
Conklin	Hornaman	O'Neill	Stevenson
Costa	Hutchinson	Oliver	Sturla
Cox	James	Pallone	Surra
Creighton	Josephs	Parker	Swanger
Cruz	Kauffman	Pashinski	Taylor, J.
Curry	Keller, M.	Payne	Taylor, R.
Cutler	Keller, W.	Payton	Thomas
Daley	Kenney	Peifer	True
Dally	Kessler	Perry	Turzai
DeLuca	Killion	Perzel	Vereb
Denlinger	King	Petrarca	Vulakovich
DePasquale	Kirkland	Petri	Wagner
Dermody	Kortz	Petrone	Walko
DeWeese	Kotik	Phillips	Wansacz
DiGirolamo	Kula	Pickett	Waters
Donatucci	Leach	Preston	Watson
Eachus	Lentz	Pyle	Wheatley
Ellis	Levdansky	Quigley	White
Evans, D.	Longietti	Quinn	Williams
Everett	Mackereth	Ramaley	Wojnaroski
Fabrizio	Maher	Rapp	Yewcic
Fairchild	Mahoney	Raymond	Youngblood
Fleck	Major	Readshaw	Yudichak
Frankel	Manderino	Reed	

Freeman	Mann	Reichley	O'Brien, D.,
Gabig	Mantz	Roae	Speaker
Galloway			

NAYS—0

NOT VOTING—0

EXCUSED—8

Adolph	Blackwell	Saylor	Tangretti
Bishop	Evans, J.	Siproth	Vitali

The majority having voted in the affirmative, the question was determined in the affirmative and the resolution was adopted.

**CONSIDERATION OF HB 1600 CONTINUED**

The SPEAKER. The Chair returns to HB 1600.

On the question recurring,  
Will the House agree to the bill on second consideration as amended?

Mr. PERRY offered the following amendment No. **A04282**:

Amend Title, page 1, line 1, by striking out "and"  
Amend Title, page 1, line 2, by removing the period after "Fund" and inserting

; and providing for school district option.

Amend Bill, page 8, by inserting between lines 19 and 20

**CHAPTER 8**

**SCHOOL DISTRICT OPTION**

Section 801. Application of Pennsylvania Prevailing Wage Act.

Notwithstanding the provisions of the act of August 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing Wage Act, except as provided in section 802, a school district or an authority, agency or instrumentality established by one or more school districts shall not be considered a public body for purposes of the Pennsylvania Prevailing Wage Act.

Section 802. Option.

A school district or an authority, agency or instrumentality established by one or more school districts may elect, by resolution, to be deemed a public body as the term is defined in the act of August 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing Wage Act.

On the question,  
Will the House agree to the amendment?

The SPEAKER. The Chair recognizes Representative Perry on the amendment.

Mr. PERRY. Thank you, Mr. Speaker.

Before I withdraw this amendment, I would like to speak on behalf of every taxpayer that is forced to suffer under the yoke of oppressive school taxes. And one of the reasons for those oppressive school taxes is the mandatory prevailing wage, and I know that someone in this room will probably stand up at some point and tell me that this violates the single subject rule, but for the taxpayers of this State, that rule means nothing.

All they know is that they are forced to pay 25 to 30 percent – exorbitant fees for school construction costs.

I live in a district that is growing in school population and I represent those folks, and we have to build schools and we have to build additions to accommodate the increasing population.

Once again, Mr. Speaker, I would like to remind everybody that we will never solve the school tax situation, we will never solve the property tax equation, until we address spending. Part of the spending, part of the exorbitant spending is caused by mandatory prevailing wage, and I would urge this body to work towards repealing that mandatory prevailing wage at their earliest convenience.

#### AMENDMENT WITHDRAWN

Mr. PERRY. With that, Mr. Speaker, I would like to withdraw this amendment.

The SPEAKER. The Chair thanks the gentleman.

The House will be at ease.

#### LEAVE OF ABSENCE

The SPEAKER. The Chair recognizes the minority whip, who requests that Representative SCHRODER be placed on leave for the remainder of the day. The Chair sees no objection. The leave will be granted.

The House will come to order.

#### STATEMENT BY DEMOCRATIC LEADER

The SPEAKER. The Chair recognizes the majority leader, Representative DeWeese.

Members will take their seats.

Mr. DeWEESE. Thank you very much, Mr. Speaker.

Mr. Speaker, in accordance with rule 21(d), I am going to ask that amendment 5457, a Dermody amendment drafted as a replacement amendment, be given the chance to be redrafted. I wanted to ask the Chair for a moment's worth of indulgence, just so the membership can benefit from this four or five sentence explanation. "In cases where an amendment alters a bill so as to effectively rule out of order an amendment which was timely filed pursuant to the provisions of this rule, a replacement amendment may be submitted to the Office of the Chief Clerk.... The member shall notify the Speaker of the member's intent to file a replacement amendment and shall file a certificate with the Office of the Chief Clerk. The bill in question may continue to receive consideration but shall not be moved to third consideration until the replacement amendment is available for a vote...."

So under our protocols, I would ask, Mr. Speaker, that we take the necessary time to have that drafted, and I will allow the dais and the people at the dais to figure the most appropriate logistics.

I would suggest that we recess and come in tomorrow morning and get started again on this proposal.

The SPEAKER. The gentleman is correct.

#### STATEMENT BY MINORITY LEADER

The SPEAKER. Representative Smith.

Mr. S. SMITH. Thank you, Mr. Speaker.

I do not have any disagreement with the procedures that the rules provide relative to that amendment in question. It is my understanding that the Reference Bureau would be instructed to redraft that amendment kind of as a high priority, and given the nature of the amendment in that it is not— While the substance may have a lot of bearing, the actual words in the amendment, the nature of the amendment is fairly straightforward and simplistic.

It would seem to me that that would be an amendment that the Reference Bureau would be able to have redrafted promptly. I guess that is a comment, Mr. Speaker.

#### INTERROGATION

Mr. S. SMITH. As a question, if I could ask the majority leader if there is other business that we have before us that we could tend to here for the next 10 or 15 minutes that might allow for the time for that amendment to be drafted and considered? Do we have some other business that we could attend to, Mr. Speaker?

Mr. DeWEESE. Respectfully, we have pretty much cleared our housekeeping work relative to the calendar. I would anticipate that the Dermody amendment could entail hours and hours of debate – not a whole day's worth, but certainly more than an hour and 21 minutes. So I think in order to start fresh on the Dermody amendment tomorrow morning, I would prefer that we recess and come in at 11 a.m.

Mr. S. SMITH. Thank you, Mr. Speaker.

Mr. Speaker, I believe, as I said a minute ago, I believe this amendment could be redrafted rather quickly. And given the fits and starts that we have had to endure over the last couple of days, over the last week that we were in session a couple of weeks ago, Mr. Speaker, I think that I do not see it as a major inconvenience for us to remain here for just a few minutes to see how that progress is moving with having that amendment redrafted so that we would be able to finish this bill in regards to second consideration and move it on to third consideration. I just think it would be a good thing.

Do you have any idea, Mr. Speaker, how long it would be before that amendment would be down?

Mr. DeWEESE. No, I do not.

But, number one, I want to thank you for your profound interest in the scheduling and maintenance of our momentum. I hope that we can go forward in the ensuing months and accelerate the process and occasionally use the courtesy clock so people know when 5 minutes is up or an hour and 5 minutes is up, and so forth.

Last night we terminated debate around 9:15 or 9:20. Tonight I would like to terminate debate around 9:41. It is the prerogative of the floor leader; I am not being smug, we realize that our numbers are narrow. But the Dermody amendment was the same amendment that was adopted in the State of Michigan a few years ago. It is a monumental piece of work, and I think the debate will go into several hours. I do not think it is prudent to start this late. We are approaching 12 hours on the floor, and I just think it would be better, with all due respect to my honorable colleague, to come in tomorrow morning at 11 sharp

and launch the debate on the Dermody amendment, and, Mr. Speaker, I would ask that the Chair expedite the process.

Thank you.

Mr. S. SMITH. Mr. Speaker?

The SPEAKER. Representative Smith.

Mr. S. SMITH. Thank you, Mr. Speaker.

Mr. Speaker, we were aware that there may have been at least one, maybe other amendments that would have been in this category, 20, 30 minutes ago or so as we have been discussing the procedure, and obviously this is one of the elements of the rules that we have not encountered that often and we are still learning some of the quirks of these types of rules.

Mr. Speaker, can I further interrogate the majority leader to ask whether the amendment has been requested, if the redrafting of the amendment has been requested of the Reference Bureau? I ask that, Mr. Speaker, because the rules say that it has to be redrafted immediately.

Mr. DeWEESE. We made that request to the Speaker, and I am under the impression it is being delivered as we speak. But this colloquy will further impel the messenger.

Mr. S. SMITH. I am not sure I know what that means, Mr. Speaker, if that meant that it will put more impetus behind Reference Bureau and those people that deliver the papers around here. Does that mean it is going to be coming here fast? Is that what that means, Mr. Speaker, that it is coming quickly? Is that what it means, Mr. Speaker, that you expect it here shortly?

Mr. DeWEESE. I have no idea, my honorable colleague, as to when it will be forthcoming, but that is not the nub of the issue, from my perspective. This is a complicated subject, property tax reduction. This is a profoundly integral amendment that may or may not be incorporated into the body of the proposal.

But I would rather have us fresh. We are only going to talk, at the best, for an hour and 16 minutes; I think it is a several-hour debate. I would like to launch the debate in the morning, and I would like Speaker O'Brien to see if we can get this process moving. But thank you very much for your interest.

Mr. S. SMITH. Thank you, Mr. Speaker. I appreciate your response to my inquiries.

Mr. Speaker, just to elaborate on the situation before us, I fully respect the majority leader's interest in managing the process in the way that he has outlined. I understand that and I respect that.

I would, with respect, Mr. Speaker, suggest that we are looking at maybe 10 minutes for this amendment to be down on the floor, and given that we have spent most of the day yesterday, and as he just stated, 12 hours or so today, from my perspective, Mr. Speaker, I think it would be worth our while to wait a few minutes to allow that debate to ensue. Granted, obviously if the debate is going to go on for more than an hour or so, we run into the 11 o'clock rule, and I respect what the majority leader is saying there.

So I do not know that the debate on that amendment will last for hours and hours. It could; it may or may not. But given if that is the majority leader's wishes, I respect that, and with respect, Mr. Speaker, I would ask that if we are going to be asked to move to adjourn, Mr. Speaker, I would ask that that be by a roll-call vote.

Thank you, Mr. Speaker.

## BILLS REMOVED FROM TABLE

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be removed from the tabled bill calendar:

HB 324;  
HB 1020;  
HB 1073;  
HB 1496; and  
HB 1948.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

## BILLS RECOMMITTED

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be recommitted to the Committee on Appropriations:

HB 324;  
HB 1020;  
HB 1073;  
HB 1496; and  
HB 1948.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

## SENATE MESSAGE

### RECESS RESOLUTION FOR CONCURRENCE

The clerk of the Senate, being introduced, presented the following extract from the Journal of the Senate, which was read as follows:

In the Senate,  
January 28, 2008

RESOLVED, (the House of Representatives concurring), Pursuant to Article II, Section 14 of the Pennsylvania Constitution, that when the Regular Session of the Senate recesses this week, it reconvene on Monday, February 4, 2008, unless sooner recalled by the President Pro Tempore of the Senate; and be it further

RESOLVED, Pursuant to Article II, Section 14 of the Pennsylvania Constitution, that when the Regular Session of the House of Representatives recesses this week, it reconvene on Monday, February 4, 2008, unless sooner recalled by the Speaker of the House of Representatives.

Ordered, That the clerk present the same to the House of Representatives for its concurrence.

On the question,  
Will the House concur in the resolution of the Senate?  
Resolution was concurred in.  
Ordered, That the clerk inform the Senate accordingly.

**PARLIAMENTARY INQUIRY**

The SPEAKER. For what purpose does the gentleman, Representative Maher, rise?

Mr. MAHER. Thank you, Mr. Speaker.

A parliamentary inquiry.

The SPEAKER. The gentleman will state his point of parliamentary inquiry.

Mr. MAHER. If this chamber were to accede to the Democratic leader's desire that we abandon discussion on property tax reform tonight, my understanding would be that this bill would not have completed second consideration, which would prohibit third consideration and final passage tomorrow, which is, I think, what the gentleman advertised and promised the people of Pennsylvania. Am I correct in my understanding that that would be a consequence of abandoning the debate at this point?

The SPEAKER. The bill cannot receive third consideration until it has finished receiving second consideration. We are not abandoning the bill, and we cannot proceed until we have the replacement amendment. The Reference Bureau has not started redrafting the amendment.

Mr. MAHER. Thank you, Mr. Speaker.

The SPEAKER. The House will be at ease.

**DEMOCRATIC CAUCUS**

The SPEAKER. The Chair recognizes the majority leader, Representative DeWeese.

Mr. DeWEESE. Thank you very much, Mr. Speaker.

I would like to request an immediate Democratic caucus, an immediate Democratic caucus. Thank you.

**BILLS AND RESOLUTIONS PASSED OVER**

The SPEAKER. Without objection, any remaining bills and resolutions on today's calendar will be passed over. The Chair hears no objection.

**RECESS**

The SPEAKER. The House will stand in recess until the call of the Chair.